

MRD. 6-15-00

07-14-2000



101404171

Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):  
 Powerhouse Marks, LLC  
 Second Floor  
 24396 Halsted Road  
 Farmington Hills, MI 48335

2. Name and address of receiving party(ies):  
 Old PBGI, Inc.  
 f/k/a Powerhouse Bodybuilding Gym, Inc.  
 28988 Salem Road  
 Farmington Hills, MI 48334

3. Nature of conveyance:  
 Execution Date: February 22, 1999

Additional name(s) and address(es) attached?  
 Yes  No

4. Application number(s) or registration number(s):  
 A. Trademark Application No. (s)  
 B. Trademark Registration No. (s)  
 SEE ATTACHED SHEET

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
 John F. Buckert, Esq.  
 Dykema Gossett PLLC  
 Suite 300  
 39577 Woodward Avenue  
 Bloomfield Hills, MI 48304-2820  
 (248) 203-0752

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41) \$ 190.00  
 Enclosed  
 Authorized to be charged to account.

8. Deposit Account Number: 04-2223  
 (Attach duplicate copy of this page is using deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

John F. Buckert  
 Name

*John Buckert*  
 Signature

June 13, 2000  
 Date

Total number of pages comprising cover sheet: 2

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

07/14/2000 BNGUYEN 00000114 042223 74437998 Commissioner of Patents and Trademarks  
 Box Assignments  
 Washington, DC 20231

01 FC:481 40.00 CH  
 02 FC:482 150.00 CH

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

TRADEMARK REEL: 002101 FRAME: 0131

<b>Trademark</b>	<b>Application No.</b>	<b>Reg. No.</b>	<b>Reg. Date</b>
DESIGN (Powerhouse logo)	74/437,998	1,841,902	06/28/1994
MISS GALAXY & DESIGN	74/376,664	2,030,449	01/14/1997
POWERHOUSE (word mark)	74/439,811	1,840,536	06/21/1994
POWERHOUSE GALAXY & DESIGN	74/710,871	1,973,140	05/07/1996
POWERHOUSE GYM & BODYBUILDER DESIGN	350,790	1,255,385	10/25/1983
POWERHOUSE GYM & DESIGN	503,655	1,337,259	05/21/1985
SIMPLY THE BEST	74/703,260	1,998,863	09/03/1996

BH01\ 256648.1  
ID\ JFBU

## SECURITY AGREEMENT

THIS AGREEMENT, dated February 22, 1999, to be effective January 1, 1999, by and between Old PBGI, Inc., formerly known as Powerhouse Bodybuilding Gym, Inc., a Michigan corporation, whose address is 28988 Salem Road, Farmington Hills, Michigan 48334 (hereinafter referred to as "Secured Party"), and Powerhouse Marks, LLC, a Michigan limited liability company, whose address is 24396 Halsted Road, Suite 206, Farmington Hills, Michigan 48335 (hereinafter referred to as "Debtor").

### RECITALS:

A. WHEREAS, effective January 1, 1999, Debtor purchased from Secured Party, and Secured Party sold and assigned to Debtor, certain of Secured Party's assets, in accordance with a certain Asset Purchase Agreement ("Purchase Agreement") executed contemporaneously with this Security Agreement and also made effective as of January 1, 1999; and

B. WHEREAS, Debtor agreed to pay Secured Party the sum of \$273,700.00 in consideration for the assets purchased from Secured Party; and

C. WHEREAS, contemporaneously with this Security Agreement, Debtor has executed and delivered to Secured Party a certain Promissory Note ("Promissory Note") dated effective January 1, 1999 in accordance with the Purchase Agreement;

NOW, THEREFORE, for and in consideration of the sum of Two Hundred Seventy Three Thousand Seven Hundred Dollars (\$273,700.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT OF SECURITY INTEREST. Debtor hereby grants to Secured Party a continuing security interest in the "Collateral" described in Paragraph 2 below to secure the payment of the Promissory Note of Debtor to Secured Party and the payment and/or performance of all obligations of any and every kind and nature owing from Debtor to Secured Party or to be performed by Debtor arising under this Agreement, the Promissory Note, the Purchase Agreement, or any documents executed pursuant to the Purchase Agreement (hereinafter collectively called "Liabilities"), plus all interest, costs, expenses, and reasonable attorneys' fees which may be made or incurred by Secured Party in the disbursement, administration and collection of said Liabilities, and in the protection, maintenance, and liquidation of the Collateral. All statements of account rendered by Secured Party to Debtor relating to such Liabilities, including all statements of principal, interest, expenses and costs owing by Debtor to Secured Party, shall be presumed correct and accurate and

constitute an account stated between Debtor and Secured Party unless, within thirty (30) days after receipt thereof by Debtor, Debtor shall deliver to Secured Party, by registered or certified mail addressed to Secured Party at its principal place of business, written objection thereto specifying the error or errors, if any, contained in any such statement. This Agreement shall be and become effective when, and continue in effect as long as, any Liabilities of Debtor to Secured Party are outstanding and unpaid, and Debtor will not sell, assign, transfer, pledge or otherwise dispose of or encumber any Collateral to any third party while this Agreement is in effect without the prior written consent of Secured Party.

2. COLLATERAL. The "Collateral" covered by this Agreement is all of Debtor's property described below, which it now owns or shall hereafter acquire or create, immediately upon the acquisition or creation thereof, and includes, but is not limited to, any items listed on any schedule or list attached hereto:

A. ACCOUNTS. Accounts, Accounts Receivable, and Licenses of any nature, Customer and Vendor Lists, Leases, Documents, Stocks, Bonds, Chattel Paper, Instruments, Contracts, Contract Rights, General Intangibles, Patents, Trademarks, Service Marks, Copyrights and other Proprietary Rights (as that term is defined in the Purchase Agreement), Choses in Action, including any right to any refund of any taxes heretofore or hereafter paid to any governmental authority (all of which are hereinafter individually and collectively referred to as "Accounts"), regardless of whether any such Accounts are acceptable or unacceptable to Secured Party or whether any such Accounts have been scheduled to Secured Party on any schedule or list attached hereto or otherwise given to Secured Party.

B. INVENTORY. All Inventory and Goods, now owned or hereafter acquired, including, but not limited to, raw materials, work in process, finished goods, tangible property, stock in trade, wares and merchandise used in or sold in the ordinary course of business, including Goods whose sale, lease or other disposition by Debtor has given rise to any Accounts, and which goods have been returned to, or repossessed or stopped in transit by Debtor.

C. EQUIPMENT. All Equipment and Fixtures, now owned or hereafter acquired, including all personal property, works of art, machinery, furniture, furnishings, and vehicles, together with all accessions, parts, attachments, accessories, tools and dies, or appurtenances thereto, or appertaining, attached, kept, used, or intended for use in connection therewith, and all substitutions, improvements and replacements thereof and additions thereto now or hereafter attached to, located upon or used in connection with any location owned or operated by Debtor, including but not limited to the real property located at 24396 Halsted Road, Suite 206, Farmington Hills, Michigan 48335.

D. PROCEEDS, ETC. Proceeds and proceeds of hazard insurance and eminent domain or condemnation awards of all of the foregoing described properties or interests in properties, including all products of and accessions to such properties or interests in properties.

The properties and interest in properties described in this Paragraph 2 are sometimes hereinafter individually and collectively referred to as the "Collateral."

3. PERFECTION OF SECURITY INTEREST. Debtor shall execute and deliver to Secured Party, concurrently with Debtor's execution of this Agreement and at any time or times hereafter at the request of Secured Party (and pay the cost of filing or recording same in all public offices deemed necessary by Secured Party), all financing statements, continuation financing statements, assignments, certificates of title, applications for vehicle titles, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority and all other documents that Secured Party may reasonably request, in form satisfactory to Secured Party, to perfect and consummate all of the transactions contemplated hereunder. Debtor shall make appropriate entries on its books and records disclosing Secured Party's security interests in the Collateral. It is contemplated by the parties and agreed that a separate financing statement or this Agreement serving as a financing statement will be recorded and that such filing will be for the purpose of perfecting Secured Party's interest in all fixtures. Secured Party is hereby authorized to file this Security Agreement, a copy of this Security Agreement, or a copy of any financing statement as an original financing statement to perfect any and all interests set forth herein. Debtor hereby grants Secured Party an irrevocable power of attorney, coupled with an interest, to sign Debtor's name and otherwise execute on behalf of Debtor any financing statements or other documents reasonably required by Secured Party to perfect any and all interests set forth herein.

4. WARRANTIES. Debtor warrants and agrees that: (a) Debtor has (and with respect to any after-acquired property will acquire) full title to the Collateral and is (and with respect to any after-acquired property will be) the lawful owner of all of the Collateral with right to subject same to the security interest hereunder; (b) except as specifically stated herein or previously disclosed to Secured Party, Secured Party's security interests in the Collateral are first security interests in the Collateral, there are no financing statements covering any of the Collateral in any public office, and Debtor will defend same to Secured Party against the claim and demand of all other persons; (c) all of the Collateral is located in the State of Michigan at the address(es) specified above or in the possession of Secured Party, and Debtor shall not remove therefrom without Secured Party's prior written consent, and will not use or permit the Collateral to be used for any unlawful purpose whatsoever; (d) with the exception of the names "Powerhouse Gyms" and "Powerhouse Bodybuilding Gym", Debtor shall not conduct business under any other name than that given above, nor change or reorganize the type of business entity under which it does business, except upon prior written approval of Secured Party, and, if such approval is granted, Debtor agrees that all documents, instruments and agreements demanded by Secured Party shall be prepared, filed and recorded at Debtor's expense, before such change occurs; Debtor shall not remove any records concerning the Collateral from the address(es) specified above, nor keep any of its records concerning the same at any other address(es) unless written notice thereof is given to Secured Party at least ten (10) days prior to the creation of any new addresses for the keeping of such records; (e) Debtor shall at all times maintain the Collateral in first class condition and repair; (f) Debtor has the right and power and is duly authorized to enter into this Agreement, and execution of this Agreement shall not constitute breach of any provision contained in any agreement or Instrument to which Debtor is or may become a party or by which Debtor is or may be bound or affected; (g) there are no actions or proceedings which are threatened or pending against Debtor which might result in any material adverse change in

Debtor's financial condition or which might materially affect any of Debtor's assets; and (h) Debtor has duly filed all federal, state, and other governmental tax returns which Debtor is required by law to file, and all such taxes required to be paid have been paid in full or are the subject of payment agreements between Debtor and each governmental authority, which agreements have been disclosed to Secured Party.

5. INSURANCE, TAXES, ETC. Debtor shall (a) pay promptly all taxes, levies, assessments, judgments, and charges of any kind upon or relating to the Collateral, to Debtor's business, and to Debtor's ownership or use of any of its assets, income, or gross receipts; (b) at its own expense, keep and maintain all of the Collateral fully insured against loss or damage by fire, theft, explosion and other risks in such amounts, with such companies, under such policies and in such form as shall be satisfactory to Secured Party, which policies shall expressly provide that loss thereunder shall be payable to Secured Party as its interest may appear (and Secured Party shall have a security interest in the proceeds of such insurance and may apply any such proceeds which may be received by it toward payment of Debtor's Liabilities, whether or not due, in such order or application as Secured Party may determine); (c) maintain at their own expense public liability and property damage insurance in such amounts, with such companies, under such policies and in such form as shall be satisfactory to Secured Party, and, upon Secured Party's request, shall furnish Secured Party with such policies and evidence of payment of premiums thereon. If Debtor at any time hereafter should fail to obtain or maintain any of the policies required above or pay any premium in whole or in part relating thereto, or shall fail to pay any such tax, assessment, levy, or charge or to discharge any such lien, claim, or encumbrance, then Secured Party, without waiving or releasing any obligation or default of Debtor hereunder, may at any time hereafter (but shall be under no obligation to do so) make such payment or obtain such discharge or obtain and maintain such policies or insurance and pay such premiums, and take such action with respect thereto as Secured Party deems advisable. All sums so disbursed by Secured Party, including reasonable attorneys' fees, court costs, expenses, and other charges relating thereto, shall be part of Debtor's Liabilities, secured hereby.

6. SALE, COLLECTIONS, ETC. Secured Party authorizes and permits Debtor to collect Accounts from debtors. This privilege may be terminated by Secured Party at any time, and Debtor shall execute such assignments so as to vest in Secured Party full title to the Accounts, and Secured Party thereupon shall be entitled to and have all of the ownership, title, rights, securities and guarantees of Debtor in respect thereto, and in respect to the property evidenced thereby, including the right of stoppage in transit, and Secured Party may notify any debtor or debtors of the assignment of Accounts and collect the same; thereafter, Debtor will receive all payments on Account as agent of and for Secured Party and will transmit to Secured Party, on the date of receipt thereof, all original checks, drafts, acceptances, notes and all cash monies similarly received by Debtor. Until such delivery, Debtor shall keep all such remittances separate and apart from Debtor's own funds, capable of identification as the property of Secured Party, and shall hold the same in trust for Secured Party. Debtor, if in default in the performance of any of the provisions of this Agreement will, upon demand, open all mail only in the presence of a representative of Secured Party, who may take therefrom any remittance on Accounts assigned to Secured Party. Secured Party or its representatives are authorized to endorse in the name of Debtor, any item, howsoever received by Secured Party, representing any payment on or other proceeds of any of the Collateral, and may endorse or sign the name of Debtor to Accounts, invoices, assignments, financing statements, notices to debtors, bills of lading, storage receipts, or other instruments or documents in respect to Accounts or the property

covered thereby. Upon request by Secured Party, Debtor will promptly give Secured Party copies of all Accounts, to be accompanied by such information and by such documents or copies thereof as Secured Party may require. Debtor will maintain such records with respect to Accounts and the conduct and operation of its business as Secured Party may request, and will furnish Secured Party all information with respect to Accounts and the conduct and operation of its business, including balance sheets, operating statements and other financial information, as Secured Party may request.

7. INFORMATION. Debtor shall permit Secured Party or its agents, upon reasonable request, to have access to and to inspect all the Collateral (and Debtor's other assets, if any) and may from time to time verify Accounts, inspect, check, make copies of or extracts from the books, records and files of Debtor, and Debtor will make same available at any time for such purposes. In addition, Debtor shall promptly supply Secured Party with financial and such other information concerning its affairs and assets as Secured Party may request from time to time.

8. DEFAULT.

A. The occurrence of any of the following events shall constitute a Default (as such term is used herein): (a) the non-payment, when due, of any amount payable on any of the Liabilities or any extension or renewal thereof or failure to perform any obligation of Debtor contained herein, in the Promissory Note, in the Purchase Agreement, or in any document executed pursuant to the Purchase Agreement; (b) any statement, representation or warranty of Debtor herein or in any other writing at any time furnished by Debtor to Secured Party is untrue in any material respect as of the date made; (c) any Obligor (which term, as used herein, shall mean Debtor and each party primarily or secondarily liable on any of the Liabilities) becomes insolvent or unable to pay debts as they mature or makes any assignment for the benefit of creditors, conveys any assets to a trustee for the benefit of Obligor's creditors, conveys substantially all of its assets, or any proceeding is instituted by or against Obligor alleging that such Obligor is insolvent or unable to pay debts as they mature or a petition of any kind is filed under the Federal Bankruptcy Code by or against such Obligor; (d) entry of any judgment against any Obligor or order of attachment, execution, sequestration or other order in the nature of a writ is levied on the Collateral; or (e) death of any Obligor.

B. Whenever a Default shall exist, the Promissory Note and all other Liabilities may (notwithstanding any provision thereof), at the option of Secured Party and without demand or notice of any kind, be declared, and thereupon immediately shall become due and payable, and Secured Party may exercise from time to time any rights and remedies, including the right to immediate possession of the Collateral, available to it under applicable law. Secured Party shall have the right to hold any property then in or upon said Collateral at time of repossession not covered by this Security Agreement until return is demanded in writing by Debtor. Debtor agrees, in case of Default, to assemble, at its expense, all the Collateral at a convenient place acceptable to Secured Party and all costs of Secured Party of collection of the Note and all other Liabilities, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expenses, including participation in

Bankruptcy proceedings, and expense of locating the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part, shall be added to and become a part of said Liabilities. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if sent at least seven (7) days before such disposition, postage prepaid, addressed to the undersigned either at the address shown below, or at any other address of the undersigned appearing on the records of Secured Party.

C. DEBTOR AGREES THAT SECURED PARTY SHALL, IN THE EVENT OF ANY DEFAULT, HAVE THE RIGHT TO PEACEFULLY RETAKE ANY OF THE GOODS. DEBTOR WAIVES ANY RIGHT IT MAY HAVE, IN SUCH INSTANCE, TO A JUDICIAL HEARING PRIOR TO SUCH RETAKING.

9. GENERAL. Time shall be deemed of the very essence of this Agreement. Except as otherwise defined in this Agreement, all terms in this Agreement shall have the meanings provided by the Michigan Uniform Commercial Code. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and failure of Secured Party to preserve or protect any rights with respect to such Collateral against any prior parties or to do any act with respect to the preservation of such Collateral not so requested by Debtor shall not be deemed a failure to exercise reasonable care in the custody and preservation of such Collateral. Any delay on the part of Secured Party in exercising any power, privilege or right hereunder, or under any other instrument executed by Debtor to Secured Party in connection herewith, shall not operate as a waiver thereof, and no single or partial exercise thereof, or the exercise of any other power, privilege, or right. The waiver by Secured Party of any default by Debtor shall not constitute a waiver of any subsequent defaults, but shall be restricted to the default so waived. If any part of this Agreement shall be contrary to any law which Secured Party might seek to apply or enforce, or should otherwise be defective, the other provisions of this Agreement shall not be affected thereby, but shall continue in full force and effect. All rights, remedies and powers of Secured Party hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies and powers given hereunder or in or by any other instruments or by the Michigan Uniform Commercial Code or any laws now existing or hereafter enacted.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. The rights and privileges of Secured Party hereunder shall inure to the benefit of its successors and assigns and this Agreement shall be binding on all heirs, executors, administrators, assigns and successors of Debtor.

Debtor acknowledges that this is the entire Agreement between the parties regarding the subject matter hereof except to the extent that writings signed by the party to be charged are



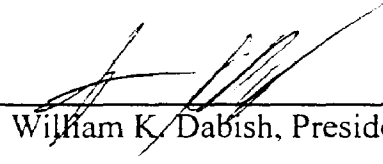
specifically incorporated herein by reference either in this Agreement or in such writings, and acknowledges receipt of a true and complete copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date and year first written above.

"SECURED PARTY"

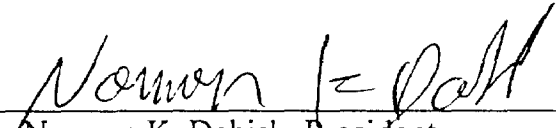
OLD PBGI, INC., formerly known as  
POWERHOUSE BODYBUILDING GYM, INC., a Michigan  
corporation

By:

  
\_\_\_\_\_  
William K. Dabish, President

and

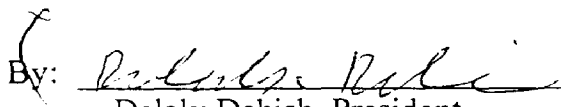
By:

  
\_\_\_\_\_  
Norman K. Dabish, President

"DEBTOR"

POWERHOUSE MARKS, LLC, a Michigan limited  
liability company

By:

  
\_\_\_\_\_  
Dalaly Dabish, President

**EXHIBIT A**

**Country:** AU Australia

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND BODY BUILDER DESIGN	Abandoned	546514	23-Nov-1990		

**Classes:** 25

POWERHOUSE GYM AND CIRCLE DESIGN	Registered	546513	23-Nov-1990	A546513	25-Feb-1993
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**Classes:** 41

**Country:** AT Austria

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND CIRCLE DESIGN	Registered	131864	28-Mar-1990	131864	31-Jul-1990

**Classes:** 25, 41

Filed in the name of Powerhouse Body Building Gym, Inc.

**Country:** BX Benelux

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM (words only)	Registered	737008	09-Nov-1989	471143	09-Nov-1989

**Classes:** 25, 41

Filed in the name of Powerhouse Body Building Gym, Inc.

**Country:** CA Canada

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND BODY BUILDER DESIGN	Registered	572607	12-Nov-1986	360835	27-Oct-1989

**Classes:** no class system

POWERHOUSE GYM AND CIRCLE DESIGN	Registered	572603	12-Nov-1986	339011	08-Apr-1988
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**Classes:** no class system

Country: DK Denmark

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM (words only)	Registered	02570/1990	27-Mar-1990	00006/1995	06-Jan-1995

Classes: 25, 41

Country: EG Egypt

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
MISS GALAXY and design	Pending	116141	11-Jul-1998		

Classes: 16

MISS GALAXY and design	Pending	116133	11-Jul-1998		
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Classes: 41

POWERHOUSE (word mark)	Pending	116142	11-Jul-1998		
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Classes: 16

POWERHOUSE (word mark)	Pending	116137	11-Jul-1998		
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Classes: 25

POWERHOUSE (word mark)	Pending	116131	11-Jul-1998		
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Classes: 41

POWERHOUSE GALAXY and design	Pending	116136	11-Jul-1998		
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Classes: 25

POWERHOUSE GALAXY and design	Pending	116130	11-Jul-1998		
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Classes: 41

POWERHOUSE GYM (Arabic)	Pending	116139	11-Jul-1998		
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Classes: 25

POWERHOUSE GYM (Arabic)	Pending	116134	11-Jul-1998		
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Classes: 41

POWERHOUSE GYM AND BODY BUILDER DESIGN	Pending	116024	04-Jul-1998		
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Classes: 5

Country: EG Egypt

Trademark	Status	Number	Application Date	Filing Number	Registration Date
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 9	Pending		116025	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 16	Pending		116026	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 21	Pending		116027	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 25	Pending		116028	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 28	Pending		116029	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 32	Pending		116030	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 35	Pending		116031	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 41	Pending		116032	04-Jul-1998	
POWERHOUSE GYM AND BODY BUILDER DESIGN Classes: 42	Pending		116033	04-Jul-1998	
POWERHOUSE GYM AND CIRCLE DESIGN Classes: 25	Pending		116138	11-Jul-1998	

**Country: EG Egypt**

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND CIRCLE DESIGN	Pending	116132	11-Jul-1998		

**Classes: 41**

SIMPLY THE BEST	Pending	116140	11-Jul-1998		
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**Classes: 25**

SIMPLY THE BEST	Pending	116135	11-Jul-1998		
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**Classes: 41**

**Country: EU European Community**

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND BODY BUILDER DESIGN	Pending	624197	03-Sep-1997		

**Classes: 32, 5, 16, 28, 35**

Filed in the name of Powerhouse Gyms International, Inc.

**Country: FR France**

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM (words only)	Registered	158170	02-Oct-1989	1553310	02-Oct-1989

**Classes: 16, 41**

Filed in the name of Powerhouse Body Building Gym, Inc.

**Country: DE Germany**

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM (words only)	Registered	P38612/41	02-Oct-1989	1182462	25-Nov-1991

**Classes: 41, 25**

Filed in the name of Powerhouse Body Building Gym, Inc.

**Country: IT Italy**

<b>Trademark</b>	<b>Status</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
POWERHOUSE GYM AND CIRCLE DESIGN	Registered	49961-C/89	29-Sep-1989	562632	04-Mar-1992

**Classes: 25, 41**

Filed in the name of Powerhouse Body Building Gym, Inc.

Country: JP Japan

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE (word mark)	Registered	6/66462	06-Jul-1994	3354691	24-Oct-1997
Classes: 41					
POWERHOUSE GYM AND BODY BUILDER DESIGN	Registered	6/66463	06-Jul-1994	4019466	27-Jun-1997
Classes: 41					
POWERHOUSE GYM AND BODY BUILDER DESIGN	Abandoned	46401/89	21-Apr-1989		
Classes: 17					

Country: MY Malaysia

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE (word mark)	Pending	97/08592	26-Jun-1997		
Classes: 25					

Country: NO Norway

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM AND BODY BUILDER DESIGN	Registered	901697	28-Mar-1990	155105	11-Feb-1993
Classes: 25					
POWERHOUSE GYM AND CIRCLE DESIGN	Registered	901698	28-Mar-1990	151465	16-Jul-1992
Classes: 41					

Country: ZA South Africa

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM AND CIRCLE DESIGN	Registered	89/7483	17-Aug-1989	89/7483	17-Aug-1989
Classes: 41					

Country: ES Spain

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM AND CIRCLE DESIGN	Registered	1563734	20-Apr-1990	1563734	02-Feb-1994

Classes: 41

Country: SE Sweden

Trademark	Client	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM (words only)		Registered	90/3186	30-Mar-1990	235796	05-Jun-1992

Classes: 25, 41

Country: CH Switzerland

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM (words only)	Registered	2408/1990.5	27-Mar-1990	380677	27-Mar-1990

Classes: 25

Filed in the name of Powerhouse Body Building Gym, Inc.

Country: GB United Kingdom

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWERHOUSE GYM AND BODY BUILDER DESIGN	Registered	1381688	21-Apr-1989	A1381688	21-Apr-1989

Classes: 25

POWERHOUSE GYM AND CIRCLE DESIGN	Registered	1381685	21-Apr-1989	B1381685	21-Apr-1989
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Classes: 41

Country: US United States of America

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
DESIGN (powerhouse logo)	Registered	74/437998	20-Sep-1993	1841902	28-Jun-1994

Classes: 25, 41

MISS GALAXY and design	Registered	74/376664	07-Apr-1993	2030449	14-Jan-1997
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Classes: 41

Country: US United States of America

Trademark	Status	Application Number	Filing Date	Registration Number	Registration Date
POWER HOUSE NATURAL REFRESHING ENERGY (and design)	Abandoned	74/672113	10-May-1995		
Classes: 32					
POWERHOUSE (word mark)	Registered	74/439811	24-Sep-1993	1840536	21-Jun-1994
Classes: 16, 25, 41					
POWERHOUSE GALAXY and	Registered	74/710871	02-Aug-1995	1973140	07-May-1996
Classes: 41					
POWERHOUSE GYM AND BODY BUILDER DESIGN	Registered	350790	18-Feb-1982	1255385	25-Oct-1983
Classes: 25					
POWERHOUSE GYM AND	Registered	503655	15-Oct-1984	1337259	21-May-1985
Classes: 41					
POWERHOUSE LOGO - bottled water	Abandoned	74/651481	24-Mar-1995		
Classes: 32					
POWERLINE	Abandoned	75/007019	17-Oct-1995		
Classes: 16					
SIMPLY THE BEST	Registered	74/703260	19-Jul-1995	1998863	03-Sep-1996
Classes: 41					
THE NEW LEADER IN SERIOUS FITNESS	Abandoned	75/005284	13-Oct-1995		
Classes: 41					

INTERNET DOMAIN NAME  
[www.powerhousegyms.com](http://www.powerhousegyms.com)



FIRST AMENDED AND RESTATED SECURITY AGREEMENT

THIS AGREEMENT, dated November 1, 1999, to be effective January 1, 1999, by and between Old PBGI, Inc., formerly known as Powerhouse Bodybuilding Gym, Inc., a Michigan corporation, whose address is 28988 Salem Road, Farmington Hills, Michigan 48334 (hereinafter referred to as "Secured Party"), and Powerhouse Marks, LLC, a Michigan limited liability company, whose address is 24396 Halsted Road, Suite 206, Farmington Hills, Michigan 48335 (hereinafter referred to as "Debtor").

RECITALS:

A. WHEREAS, effective January 1, 1999, Debtor purchased from Secured Party, and Secured Party sold and assigned to Debtor, certain of Secured Party's assets, in accordance with a certain Asset Purchase Agreement ("Purchase Agreement"); and

B. WHEREAS, Debtor agreed to pay Secured Party the sum of \$273,700.00 in consideration for the assets purchased from Secured Party; and

C. WHEREAS, contemporaneously with the Purchase Agreement, Debtor executed and delivered to Secured Party a certain Promissory Note ("Promissory Note") dated effective January 1, 1999 in accordance with the Purchase Agreement; and

D. WHEREAS, contemporaneously with the Promissory Note and the Purchase Agreement, Debtor executed and delivered to Secured Party a Security Agreement to secure Debtor's obligations under the Promissory Note and the Purchase Agreement; and

E. WHEREAS, a UCC-1 Financing Statement executed by Debtor in favor of Secured Party was filed with the Michigan Secretary of State on June 3, 1999; and

F. WHEREAS, Debtor and Secured Party have agreed to amend the Security Agreement to clarify that the "Collateral" described in Paragraph 2 below includes goodwill, including any goodwill associated with trademarks and service marks; and

G. WHEREAS, this First Amended and Restated Security Agreement amends and restates the Security Agreement (the First Amended and Restated Security Agreement and the Security Agreement shall be collectively referred to herein as the "Agreement"); and

H. WHEREAS, the UCC-1 Financing Statement filed on June 3, 1999 continues to perfect the security interests granted by Debtor to Secured Party in the Security Agreement and the First Amended and Restated Security Agreement;

NOW, THEREFORE, for and in consideration of the sum of Two Hundred Seventy Three Thousand Seven Hundred Dollars (\$273,700.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT OF SECURITY INTEREST. Debtor hereby grants to Secured Party a continuing security interest in the "Collateral" described in Paragraph 2 below to secure the payment of the Promissory Note of Debtor to Secured Party and the payment and/or performance of all obligations of any and every kind and nature owing from Debtor to Secured Party or to be performed by Debtor arising under this Agreement, the Promissory Note, the Purchase Agreement, or any documents executed pursuant to the Purchase Agreement (hereinafter collectively called "Liabilities"), plus all interest, costs, expenses, and reasonable attorneys' fees which may be made or incurred by Secured Party in the disbursement, administration and collection of said Liabilities, and in the protection, maintenance, and liquidation of the Collateral. All statements of account rendered by Secured Party to Debtor relating to such Liabilities, including all statements of principal, interest, expenses and costs owing by Debtor to Secured Party, shall be presumed correct and accurate and constitute an account stated between Debtor and Secured Party unless, within thirty (30) days after receipt thereof by Debtor, Debtor shall deliver to Secured Party, by registered or certified mail addressed to Secured Party at its principal place of business, written objection thereto specifying the error or errors, if any, contained in any such statement. This Agreement shall be and become effective when, and continue in effect as long as, any Liabilities of Debtor to Secured Party are outstanding and unpaid, and Debtor will not sell, assign, transfer, pledge or otherwise dispose of or encumber any Collateral to any third party while this Agreement is in effect without the prior written consent of Secured Party.

2. COLLATERAL. The "Collateral" covered by this Agreement is all of Debtor's property described below, which it now owns or shall hereafter acquire or create, immediately upon the acquisition or creation thereof, and includes, but is not limited to, any items listed on any schedule or list attached hereto:

A. ACCOUNTS. Accounts, Accounts Receivable, and Licenses of any nature, Customer and Vendor Lists, Leases, Documents, Stocks, Bonds, Chattel Paper, Instruments, Contracts, Contract Rights, General Intangibles, Goodwill, Patents, Trademarks and any Goodwill associated therewith, Service Marks and any Goodwill associated therewith, Copyrights and other Proprietary Rights (as that term is defined in the Purchase Agreement), Choses in Action, including any right to any refund of any taxes heretofore or hereafter paid to any governmental authority (all of which are hereinafter individually and collectively referred to as "Accounts"), regardless of whether any such Accounts are acceptable or unacceptable to Secured Party or whether any such Accounts have been scheduled to Secured Party on any schedule or list attached hereto or otherwise given to Secured Party.

B. INVENTORY. All Inventory and Goods, now owned or hereafter acquired, including, but not limited to, raw materials, work in process, finished goods, tangible property, stock in trade, wares and merchandise used in or sold in the ordinary course of business, including Goods whose sale, lease or other disposition by Debtor has given rise to any Accounts, and which goods have been returned to, or repossessed or stopped in transit by Debtor.

C. EQUIPMENT. All Equipment and Fixtures, now owned or hereafter acquired, including all personal property, works of art, machinery, furniture, furnishings, and vehicles, together

with all accessions, parts, attachments, accessories, tools and dies, or appurtenances thereto, or appertaining, attached, kept, used, or intended for use in connection therewith, and all substitutions, improvements and replacements thereof and additions thereto now or hereafter attached to, located upon or used in connection with any location owned or operated by Debtor, including but not limited to the real property located at 24396 Halsted Road, Suite 206, Farmington Hills, Michigan 48335.

D. PROCEEDS, ETC. Proceeds and proceeds of hazard insurance and eminent domain or condemnation awards of all of the foregoing described properties or interests in properties, including all products of and accessions to such properties or interests in properties.

The properties and interest in properties described in this Paragraph 2 are sometimes hereinafter individually and collectively referred to as the "Collateral."

3. PERFECTION OF SECURITY INTEREST. Debtor shall execute and deliver to Secured Party, concurrently with Debtor's execution of this Agreement and at any time or times hereafter at the request of Secured Party (and pay the cost of filing or recording same in all public offices deemed necessary by Secured Party), all financing statements, continuation financing statements, assignments, certificates of title, applications for vehicle titles, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority and all other documents that Secured Party may reasonably request, in form satisfactory to Secured Party, to perfect and consummate all of the transactions contemplated hereunder. Debtor shall make appropriate entries on its books and records disclosing Secured Party's security interests in the Collateral. It is contemplated by the parties and agreed that a separate financing statement or this Agreement serving as a financing statement will be recorded and that such filing will be for the purpose of perfecting Secured Party's interest in all fixtures. Secured Party is hereby authorized to file this Security Agreement, a copy of this Security Agreement, or a copy of any financing statement as an original financing statement to perfect any and all interests set forth herein. Debtor hereby grants Secured Party an irrevocable power of attorney, coupled with an interest, to sign Debtor's name and otherwise execute on behalf of Debtor any financing statements or other documents reasonably required by Secured Party to perfect any and all interests set forth herein.

4. WARRANTIES. Debtor warrants and agrees that: (a) Debtor has (and with respect to any after-acquired property will acquire) full title to the Collateral and is (and with respect to any after-acquired property will be) the lawful owner of all of the Collateral with right to subject same to the security interest hereunder; (b) except as specifically stated herein or previously disclosed to Secured Party, Secured Party's security interests in the Collateral are first security interests in the Collateral, there are no financing statements covering any of the Collateral in any public office, and Debtor will defend same to Secured Party against the claim and demand of all other persons; (c) all of the Collateral is located in the State of Michigan at the address(es) specified above or in the possession of Secured Party, and Debtor shall not remove therefrom without Secured Party's prior written consent, and will not use or permit the Collateral to be used for any unlawful purpose whatsoever; (d) with the exception of the names "Powerhouse Gyms" and "Powerhouse Bodybuilding Gym", Debtor shall not conduct business under any other name than that given above, nor change or reorganize the type of business entity under which it does business, except upon prior written approval of Secured Party, and, if such approval is granted, Debtor agrees that all documents, instruments and agreements demanded by Secured Party shall be prepared, filed and recorded at Debtor's expense, before such change occurs; Debtor shall not remove any records concerning the Collateral from the address(es) specified above,

nor keep any of its records concerning the same at any other address(es) unless written notice thereof is given to Secured Party at least ten (10) days prior to the creation of any new addresses for the keeping of such records; (e) Debtor shall at all times maintain the Collateral in first class condition and repair; (f) Debtor has the right and power and is duly authorized to enter into this Agreement, and execution of this Agreement shall not constitute breach of any provision contained in any agreement or Instrument to which Debtor is or may become a party or by which Debtor is or may be bound or affected; (g) there are no actions or proceedings which are threatened or pending against Debtor which might result in any material adverse change in Debtor's financial condition or which might materially affect any of Debtor's assets; and (h) Debtor has duly filed all federal, state, and other governmental tax returns which Debtor is required by law to file, and all such taxes required to be paid have been paid in full or are the subject of payment agreements between Debtor and each governmental authority, which agreements have been disclosed to Secured Party.

5. INSURANCE, TAXES, ETC. Debtor shall (a) pay promptly all taxes, levies, assessments, judgments, and charges of any kind upon or relating to the Collateral, to Debtor's business, and to Debtor's ownership or use of any of its assets, income, or gross receipts; (b) at its own expense, keep and maintain all of the Collateral fully insured against loss or damage by fire, theft, explosion and other risks in such amounts, with such companies, under such policies and in such form as shall be satisfactory to Secured Party, which policies shall expressly provide that loss thereunder shall be payable to Secured Party as its interest may appear (and Secured Party shall have a security interest in the proceeds of such insurance and may apply any such proceeds which may be received by it toward payment of Debtor's Liabilities, whether or not due, in such order or application as Secured Party may determine); (c) maintain at their own expense public liability and property damage insurance in such amounts, with such companies, under such policies and in such form as shall be satisfactory to Secured Party, and, upon Secured Party's request, shall furnish Secured Party with such policies and evidence of payment of premiums thereon. If Debtor at any time hereafter should fail to obtain or maintain any of the policies required above or pay any premium in whole or in part relating thereto, or shall fail to pay any such tax, assessment, levy, or charge or to discharge any such lien, claim, or encumbrance, then Secured Party, without waiving or releasing any obligation or default of Debtor hereunder, may at any time hereafter (but shall be under no obligation to do so) make such payment or obtain such discharge or obtain and maintain such policies or insurance and pay such premiums, and take such action with respect thereto as Secured Party deems advisable. All sums so disbursed by Secured Party, including reasonable attorneys' fees, court costs, expenses, and other charges relating thereto, shall be part of Debtor's Liabilities, secured hereby.

6. SALE, COLLECTIONS, ETC. Secured Party authorizes and permits Debtor to collect Accounts from debtors. This privilege may be terminated by Secured Party at any time, and Debtor shall execute such assignments so as to vest in Secured Party full title to the Accounts, and Secured Party thereupon shall be entitled to and have all of the ownership, title, rights, securities and guarantees of Debtor in respect thereto, and in respect to the property evidenced thereby, including the right of stoppage in transit, and Secured Party may notify any debtor or debtors of the assignment of Accounts and collect the same; thereafter, Debtor will receive all payments on Account as agent of and for Secured Party and will transmit to Secured Party, on the date of receipt thereof, all original checks, drafts, acceptances, notes and all cash monies similarly received by Debtor. Until such delivery, Debtor shall keep all such remittances separate and apart from Debtor's own funds, capable of identification as the property of Secured Party, and shall hold the same in trust for Secured Party. Debtor, if in default

in the performance of any of the provisions of this Agreement will, upon demand, open all mail only in the presence of a representative of Secured Party, who may take therefrom any remittance on Accounts assigned to Secured Party. Secured Party or its representatives are authorized to endorse in the name of Debtor, any item, howsoever received by Secured Party, representing any payment on or other proceeds of any of the Collateral, and may endorse or sign the name of Debtor to Accounts, invoices, assignments, financing statements, notices to debtors, bills of lading, storage receipts, or other instruments or documents in respect to Accounts or the property covered thereby. Upon request by Secured Party, Debtor will promptly give Secured Party copies of all Accounts, to be accompanied by such information and by such documents or copies thereof as Secured Party may require. Debtor will maintain such records with respect to Accounts and the conduct and operation of its business as Secured Party may request, and will furnish Secured Party all information with respect to Accounts and the conduct and operation of its business, including balance sheets, operating statements and other financial information, as Secured Party may request.

7. INFORMATION. Debtor shall permit Secured Party or its agents, upon reasonable request, to have access to and to inspect all the Collateral (and Debtor's other assets, if any) and may from time to time verify Accounts, inspect, check, make copies of or extracts from the books, records and files of Debtor, and Debtor will make same available at any time for such purposes. In addition, Debtor shall promptly supply Secured Party with financial and such other information concerning its affairs and assets as Secured Party may request from time to time.

8. DEFAULT.

A. The occurrence of any of the following events shall constitute a Default (as such term is used herein): (a) the non-payment, when due, of any amount payable on any of the Liabilities or any extension or renewal thereof or failure to perform any obligation of Debtor contained herein, in the Promissory Note, in the Purchase Agreement, or in any document executed pursuant to the Purchase Agreement; (b) any statement, representation or warranty of Debtor herein or in any other writing at any time furnished by Debtor to Secured Party is untrue in any material respect as of the date made; (c) any Obligor (which term, as used herein, shall mean Debtor and each party primarily or secondarily liable on any of the Liabilities) becomes insolvent or unable to pay debts as they mature or makes any assignment for the benefit of creditors, conveys any assets to a trustee for the benefit of Obligor's creditors, conveys substantially all of its assets, or any proceeding is instituted by or against Obligor alleging that such Obligor is insolvent or unable to pay debts as they mature or a petition of any kind is filed under the Federal Bankruptcy Code by or against such Obligor; (d) entry of any judgment against any Obligor or order of attachment, execution, sequestration or other order in the nature of a writ is levied on the Collateral; or (e) death of any Obligor.

B. Whenever a Default shall exist, the Promissory Note and all other Liabilities may (notwithstanding any provision thereof), at the option of Secured Party and without demand or notice of any kind, be declared, and thereupon immediately shall become due and payable, and Secured Party may exercise from time to time any rights and remedies, including the right to immediate possession of the Collateral, available to it under applicable law. Secured Party shall have the right to hold any property then in or upon said Collateral at time of repossession not covered by this Security Agreement until return is demanded in writing by Debtor. Debtor agrees, in case of Default, to assemble, at its expense, all the Collateral at a convenient place acceptable to Secured Party and all costs of Secured

Party of collection of the Note and all other Liabilities, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expenses, including participation in Bankruptcy proceedings, and expense of locating the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part, shall be added to and become a part of said Liabilities. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if sent at least seven (7) days before such disposition, postage prepaid, addressed to the undersigned either at the address shown below, or at any other address of the undersigned appearing on the records of Secured Party.

C. DEBTOR AGREES THAT SECURED PARTY SHALL, IN THE EVENT OF ANY DEFAULT, HAVE THE RIGHT TO PEACEFULLY RETAKE ANY OF THE GOODS. DEBTOR WAIVES ANY RIGHT IT MAY HAVE, IN SUCH INSTANCE, TO A JUDICIAL HEARING PRIOR TO SUCH RETAKING.

9. GENERAL. Time shall be deemed of the very essence of this Agreement. Except as otherwise defined in this Agreement, all terms in this Agreement shall have the meanings provided by the Michigan Uniform Commercial Code. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and failure of Secured Party to preserve or protect any rights with respect to such Collateral against any prior parties or to do any act with respect to the preservation of such Collateral not so requested by Debtor shall not be deemed a failure to exercise reasonable care in the custody and preservation of such Collateral. Any delay on the part of Secured Party in exercising any power, privilege or right hereunder, or under any other instrument executed by Debtor to Secured Party in connection herewith, shall not operate as a waiver thereof, and no single or partial exercise thereof, or the exercise of any other power, privilege, or right. The waiver by Secured Party of any default by Debtor shall not constitute a waiver of any subsequent defaults, but shall be restricted to the default so waived. If any part of this Agreement shall be contrary to any law which Secured Party might seek to apply or enforce, or should otherwise be defective, the other provisions of this Agreement shall not be affected thereby, but shall continue in full force and effect. All rights, remedies and powers of Secured Party hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies and powers given hereunder or in or by any other instruments or by the Michigan Uniform Commercial Code or any laws now existing or hereafter enacted.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. The rights and privileges of Secured Party hereunder shall inure to the benefit of its successors and assigns and this Agreement shall be binding on all heirs, executors, administrators, assigns and successors of Debtor.


Debtor acknowledges that this is the entire Agreement between the parties regarding the subject matter hereof except to the extent that writings signed by the party to be charged are specifically

incorporated herein by reference either in this Agreement or in such writings, and acknowledges receipt of a true and complete copy of this Agreement.

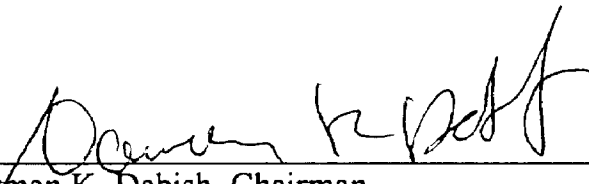
IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date and year first written above.

"SECURED PARTY"

OLD PBGI, INC., formerly known as  
POWERHOUSE BODYBUILDING GYM, INC., a Michigan  
corporation

By:   
\_\_\_\_\_  
William K. Dabish, President

and

By:   
\_\_\_\_\_  
Norman K. Dabish, Chairman

"DEBTOR"

POWERHOUSE MARKS, LLC, a Michigan limited  
liability company

By:   
\_\_\_\_\_  
Dalaly Dabish, President