

11-09-2000

Department of Commerce
Trademark Office
JEMARK



101510484

RECORDATION FORM
TRADEMARK

MRB
10-28-00

TO: The Commissioner of Patents and Trademarks: Please record this original document(s) or copy(ies).

Submission Type

Conveyance Type

- New
- Resubmission (Non-Recordation)
Document ID#
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name

Execution Date		
Month	Day	Year
10	13	2000

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of conveying parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3) <input type="text" value="New York"/>	<input type="text" value="New York"/> <input type="text" value="USA"/>	<input type="text" value="10036"/>
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City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership

- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment)

FOR OFFICE USE ONLY

11-07/2000 DBYRNF 00000110 75857082

FC:481	30.00 DP
FC:48E	25.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB nation Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name Valerie S. Mason, Esq.

Address (line 1) Otterbourg, Steindler, Houston & Rosen, P.C.

Address (line 2) 230 Park Avenue

Address (line 3) New York, New York 10169

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

212-661-9100 X709

Name Helen M. Linehan

Address (line 1) Otterbourg, Steindler, Houston & Rosen, P.C.

Address (line 2) 230 Park Avenue

Address (line 3) New York, New York 10169

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

16

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)
SEE EXHIBIT A ANNEXED HERETO

Registration Number(s)
SEE EXHIBIT A ANNEXED HERETO

Three columns of empty boxes for Trademark Application Numbers.

Three columns of empty boxes for Registration Numbers.

Number of Properties

Enter the total number of properties involved.

2

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

\$65.00

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

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. Charges to deposit account are authorized, as indicated herein.

Helen M. Linehan

Helen M. Linehan

10/19/00

Name of Person Signing

Signature

Date

EXHIBIT A
TO
RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

Trademark Application Number(s)

Trademark Registration Number(s)

75/857,082

2,174,671

TRADEMARK SECURITY AGREEMENT

THIS AGREEMENT ("Agreement"), dated October 13, 2000, is by and between TOTAL GYM FITNESS, LLC, a Pennsylvania limited liability company ("Debtor"), with its chief executive office at 1230 American Boulevard, West Chester, Pennsylvania 19380 and CONGRESS FINANCIAL CORPORATION, a Delaware corporation ("Secured Party"), having an office at 1133 Avenue of the Americas, New York, New York 10036.

W I T N E S S E T H :

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Exhibit A hereto and made a part hereof;

WHEREAS, Secured Party and Debtor have entered or are about to enter into financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor as set forth in the Loan and Security Agreement, dated of even date herewith, by and among Secured Party, Debtor, Total Gym Fitness, LLC and Torso Track, Inc. (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title,

and interest in and to: (i) all of Debtor's trademarks, tradenames, trade styles and service marks and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof (the "U.S. Trademarks") or in any other country, or in any office or agency of such other country, or any political subdivision thereof (the "International Trademarks") including, without limitation, the trademarks, terms, designs and applications identified in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any trademarks, tradenames, trade styles and service marks, and renewals thereof (all of the foregoing being collectively referred to herein as the "Trademarks"); and (ii) all prints and labels on which such Trademarks appear, have appeared or will appear, and all designs and general intangibles of a like nature; (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (c) all income, fees, royalties and other payments at any time due or payable with respect to the Trademarks, including, without limitation, payments under all licenses at any time entered into in connection herewith; (d) the right to sue for past, present and future infringement thereof; (e) all rights of Debtor corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, damages and payments to or claims by, Debtor against third parties for past or future infringement of the Trademarks.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under this Agreement, the Loan Agreement, the other Financing Agreements or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party (all of the foregoing being collectively referred to herein as the "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

- (a) Debtor shall pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting as either a registration or pending application, as listed in Exhibit A, and to its knowledge and except as indicated on Exhibit A, and Debtor owns the sole, full and clear title thereto, and the right and power to grant the security interest granted hereunder. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder and pursuant to the Loan Agreement, (ii) the security interests permitted under the Loan Agreement, and (iii) the licenses set forth in Exhibit B hereto.

(c) Debtor shall, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the registered Trademarks in each jurisdiction and to maintain the existence of all of the Collateral as valid and subsisting in such jurisdiction, including, without limitation, the filing of any renewal affidavits and applications, except that Debtor may, in its sole discretion, with written notice to Secured Party, abandon an International Trademark if Debtor determines that a particular jurisdiction no longer represents a commercially viable market for the goods or services identified by a particular Trademark.

(d) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Agreement. Debtor retains the right to grant licenses and sublicenses relating to the Collateral subject to Secured Party's security interest therein. Debtor shall notify Secured Party of all such licenses or sublicenses on a quarterly basis. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(e) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement in the United States of America. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement, as determined by Secured Party with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.

(f) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or any political subdivision thereof, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(g) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of

the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(h) Secured Party may, in its good faith discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral, or the security interest granted hereunder including, but not limited to, all filing or recording fees, court costs, collection charges, reasonable attorneys' fees and legal expenses except that prior to an Event of Default, Secured Party may not itself use the Trademarks.. Debtor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement and shall be part of the Obligations secured hereby and by the other Financing Agreements.

(i) Debtor shall give Secured Party concurrent written notice at any time that it files any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, or any application for the registration of a Trademark in any other country or any office or agency of such country or political subdivision thereof. If, after the date hereof, Debtor shall (i) obtain any registered trademark or tradename, or apply for any such registration in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or political subdivision thereof, or (ii) become the owner of any trademark registrations or applications for trademark registration used in the United States or any State thereof, political subdivision thereof or in any other country or political subdivision thereof, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interest in such Trademark in favor of Secured Party.

(j) Debtor has not abandoned any of the Trademarks and Debtor will not knowingly do any act, nor knowingly omit to do any act, whereby the Trademarks may become abandoned (except as permitted by Section 3(c) of this Agreement), invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Trademarks may become abandoned, canceled, invalidated, avoided, or avoidable, except as permitted by Section 3(c) of this Agreement.

(k) Debtor shall render any assistance, as Secured Party shall determine is necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or political subdivision thereof, to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without

limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, and cancellation proceedings.

(l) Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design which infringes on any Trademark or is likely to cause confusion with any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's good faith discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(m) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.

(n) Debtor shall promptly pay Secured Party for any and all expenditures made by Secured Party, in good faith, pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreements and shall be part of the Obligations secured hereby.

(o) Notwithstanding any of the foregoing representations, warranties and covenants made by the Debtor pursuant to this Section 3 or elsewhere in this Agreement, representations, warranties and covenants made as to the Collateral and/or the Trademarks are made only as to the U.S. Trademarks, and no representation, warranty or covenants made hereunder is made as to any of the International Trademarks.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any Event of Default, as such term is defined in the Loan Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party shall

have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks confusingly similar thereto for any purpose whatsoever. Subject to the rights and remedies of Engineering Fitness International Corp. ("EFI"), as set forth in certain EFI Agreement dated September 1, 1995, a copy of which has been provided to Secured Party (the "EFI Agreement") as affected by the Licensor Agreement, dated as of the date hereof, by and between EFI and Lender (the "Licensor Agreement"), if applicable. Secured Party may make use of any Trademarks for the sale of goods, completion of work-in-process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine.

(b) Subject to the terms and conditions of the EFI Agreement as affected by the Licensor Agreement, if applicable, Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Subject to the terms and conditions of the EFI Agreement as affected by the Licensor Agreement, if applicable, Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of five (5) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Trademarks against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may

be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement.

(f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof subject, if applicable, to the terms and conditions of the EFI Agreement as affected by the Licensor Agreement.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under this Agreement, the other Financing Agreements, applicable law, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

(h) Notwithstanding any of the foregoing rights and remedies granted to the Secured Party pursuant to this Section 5 or elsewhere in this Agreement, all such rights and remedies are subject to the rights and remedies of Engineering Fitness International Corp., as set forth in the EFI Agreement, as affected by Licensor Agreement.

6. JURY TRIAL WAIVER; OTHER WAIVERS
AND CONSENTS; GOVERNING LAW

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York (without giving effect to principles of conflicts of law).

(b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York for New York County and the United States District Court for the Southern District of New York and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Debtor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or thereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's option, by service upon Debtor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Debtor shall appear in answer to such process, failing which Debtor shall be deemed in default and judgment may be entered by Secured Party against Debtor for the amount of the claim and other relief requested.

(d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NO EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor: Total Gym Fitness, LLC
1230 American Boulevard
West Chester, Pennsylvania 19380
Attention: Mr. Jeffrey P. Heft
Telecopy No.: 610-430-1623

If to Secured Party: Congress Financial Corporation
1133 Avenue of the Americas
New York, New York 10036
Attention: Portfolio Manager
Telecopy No.: 212-545-4283

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be

construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

(f) Upon the receipt by Secured Party of (i) payment in full in cash or other immediately available funds of all of the Obligations (which are not contingent) and (ii) cash collateral in such amounts and on such terms as Secured Party shall deem reasonably acceptable for all contingent Obligations or such other arrangements for the satisfaction of contingent Obligations with respect to all contingent Obligations as Secured Party shall deem reasonably acceptable, then (A) this Agreement shall terminate and (B) upon written notice of same from Secured Party to Debtor, upon Debtor's request and at the expense of Debtor, except as otherwise required by applicable law, Secured Party shall execute and deliver to Debtor UCC-3 termination statements and such other release documents with respect to the Collateral as may be reasonably requested by Debtor, in form and substance, satisfactory to Secured Party and Debtor, to effectuate the termination of the security interest granted by Debtor to Secured Party herein and in the other Financing Agreements.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

TOTAL GYM FITNESS, LLC

By: *[Signature]*

Title: *President*

CONGRESS FINANCIAL CORPORATION

By: _____

Title: _____

construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

(f) Upon the receipt by Secured Party of (i) payment in full in cash or other immediately available funds of all of the Obligations (which are not contingent) and (ii) cash collateral in such amounts and on such terms as Secured Party shall deem reasonably acceptable for all contingent Obligations or such other arrangements for the satisfaction of contingent Obligations with respect to all contingent Obligations as Secured Party shall deem reasonably acceptable, then (A) this Agreement shall terminate and (B) upon written notice of same from Secured Party to Debtor, upon Debtor's request and at the expense of Debtor, except as otherwise required by applicable law, Secured Party shall execute and deliver to Debtor UCC-3 termination statements and such other release documents with respect to the Collateral as may be reasonably requested by Debtor, in form and substance, satisfactory to Secured Party and Debtor, to effectuate the termination of the security interest granted by Debtor to Secured Party herein and in the other Financing Agreements.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

TOTAL GYM FITNESS, LLC

By: *[Signature]*

Title: *President*

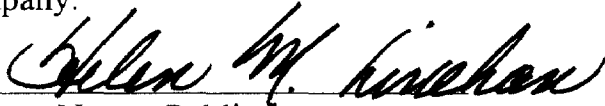
CONGRESS FINANCIAL CORPORATION

By: *Kathleen R. [Signature]*

Title: *SVP*

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 13th day of October, 2000, before me personally came R. John Marsh, to me known, who stated that he is the President of TOTAL GYM FITNESS, LLC, the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by the due authority of said limited liability company.



Notary Public

HELEN M. LINEHAN
Notary Public, State of New York
No. 01LI6047897
Qualified in New York County
Commission Expires Sept. 18, 2002

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 13th day of October, 2000, before me personally came Kathleen R. Quinn, to me known, who, being duly sworn, did depose and say, that she is the Sr. Vice-President of CONGRESS FINANCIAL CORPORATION, the corporation described in and which executed the foregoing instrument; and that she signed her name thereto by order of the Board of Directors of said corporation.



Notary Public

HELEN M. LINEHAN
Notary Public, State of New York
No. 01LI6047897
Qualified in New York County
Commission Expires Sept. 18, 2002

EXHIBIT A
TO
TRADEMARK SECURITY AGREEMENT

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

Registered Mark: Total Gym

<u>Country</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
Argentina	1,708,172	12/4/98	12/4/08
Argentina	1,764,521	11/26/99	11/26/09
Australia	734,703	7/30/99	5/16/07
Brazil	820,171,611	10/26/99	10/26/09
Germany	398 41 375	9/22/98	7/31/08
Germany	398 64 021	2/25/99	11/30/08
Hong Kong	B11434/99	4/17/98	4/17/05
Hong Kong	B06516/99	5/21/98	5/21/05
Israel	121,552	11/4/99	8/7/05
Japan	4,201,446	10/16/98	10/16/08
Korea	437,863	1/14/99	1/14/09
Mexico	567,525	12/18/97	6/12/07
Taiwan	874,438	11/1/99	3/15/09
Taiwan	862,299	8/1/99	3/15/09
Taiwan	844,223	3/16/99	3/15/09
USA *	2,174,671	7/21/98	7/21/08

Pending Mark: Total Gym

<u>Country</u>	<u>Application/Serial Number</u>	<u>Application Date</u>
Argentina	2,105,127	9/24/97
China	9,800,057,985	6/1/98
China	970,078,273	7/29/97
CTM	458,562	2/12/97
Czech Republic	151,569	2/3/00
Norway	973,879	5/16/97
Slovenia	Z 99 7 1066	8/26/99
Switzerland	09114/2000	8/2/00

Pending Mark: Total Gym Ultra

<u>Country</u>	<u>Application/Serial Number</u>	<u>Application Date</u>
USA *	75/857,082	11/24/99

* This trademark is owned by Engineering Fitness International Corp. and is licensed to Total Gym Fitness, LLC

EXHIBIT B
TO
TRADEMARK SECURITY AGREEMENT

The U.S. trademarks listed in Exhibit A are licensed to Fitness Quest, Inc.

EXHIBIT C
TO
TRADEMARK SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that TOTAL GYM FITNESS, LLC ("Debtor"), having an office at 1230 American Boulevard, West Chester, Pennsylvania 19380 hereby appoints and constitutes, severally, CONGRESS FINANCIAL CORPORATION ("Secured Party"), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark Security Agreement, dated of even date herewith, between Debtor and Secured Party (the "Security Agreement") and is subject to the terms and provisions thereof. This Power of Attorney, being coupled with an interest, is irrevocable until all "Obligations", as such term is defined in the Security Agreement, are paid in full and the Security Agreement is terminated in writing by Secured Party.

Dated: October __, 2000

TOTAL GYM FITNESS, LLC

By: _____

Title: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ____ day of October, 2000, before me personally came _____, to me known, who stated that he is the _____ of TOTAL GYM FITNESS, LLC, the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by the due authority of said limited liability company.

Notary Public