

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
<b>CONVEYING PARTY DATA</b>			
Name	Formerly	Execution Date	Entity Type
Schwinn Acquisition, LLC		06/09/2005	Limited Liability Company:
<b>RECEIVING PARTY DATA</b>			
Name:	Pacific Cycle, LLC		
Street Address:	4902 Hammerlsey Rd		
City:	Madison		
State/Country:	WISCONSIN		
Postal Code:	53711		
Entity Type:	Limited Liability Company:		
<b>PROPERTY NUMBERS Total: 1</b>			
Property Type	Number	Word Mark	
Registration Number:	1832703	CYCLE DESIGN	
<b>CORRESPONDENCE DATA</b>			
Fax Number:	(608)268-8352		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	608-268-8923		
Email:	skemp@pacific-cycle.com		
Correspondent Name:	Shelley Kemp		
Address Line 1:	4902 Hammersley Rd		
Address Line 4:	Madison, WISCONSIN 53711		
NAME OF SUBMITTER:	Shelley Kemp		
Signature:	/Shelley Kemp/		
Date:	06/09/2005		

Total Attachments: 5  
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**TRADEMARK  
 REEL: 003100 FRAME: 0332**

**OP \$40.00 1832703**

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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of September 6, 2001 by and among Schwinn/GT Corp., a Delaware corporation ("Schwinn") and certain affiliated companies of Schwinn set forth on Schedule A hereto (together with Schwinn, "Sellers"), and Pacific Cycle, LLC, a Delaware limited liability company, and Schwinn Acquisition LLC (together, "Purchaser"). Capitalized terms used in this Agreement shall have the meanings set forth in Article I or otherwise specified in this Agreement.

### RECITALS

**WHEREAS**, Sellers are engaged in the Business;

**WHEREAS**, Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, certain assets associated with the Business, and Purchaser desires to assume certain liabilities of the Business, all on the terms and subject to the conditions set forth herein; and

**WHEREAS**, on July 16, 2001, Sellers filed voluntary petitions initiating cases under chapter 11 of the Bankruptcy Code (the "Cases") to, among other things, effect the sale of certain assets of the Business to Purchaser pursuant to Section 363 of the Bankruptcy Code.

**NOW, THEREFORE**, in consideration of the premises and the mutual representations, warranties, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Sellers, intending to be legally bound, hereby agree as follows:

### ARTICLE I DEFINITIONS

**Section 1.1 Definitions.** The terms defined in particular sections of this Agreement shall have the respective meanings specified therein, and the following terms shall have the meanings specified below:

**"Accounts Receivable"** means all domestic trade accounts receivable (which means trade accounts receivable from customers domiciled in the United States) and other rights to payment from and to bill customers domiciled in the United States for products sold or shipped or services rendered up to and including the Closing Date.

**"Adjustment Escrow"** means that account that is established pursuant to the Adjustment Escrow Agreement for the purpose of funding any purchase price adjustments that may be payable to Purchaser pursuant to Section 2.4.

**"Adjustment Escrow Amount"** means \$5 million of the Purchase Price.

**"Adjustment Escrow Agreement"** means the escrow agreement in the form attached hereto as Exhibit H.

**PACIFIC DIRECT, LLC**  
a Delaware limited liability company

**LIMITED LIABILITY COMPANY AGREEMENT**

This Limited Liability Company Agreement (this "Agreement") is made as of this 20<sup>th</sup> day of September 2001, (the "Effective Date") by and between Nautilus, Inc., a Washington corporation ("Nautilus"), and Schwinn Acquisition LLC, a Delaware limited liability company ("Acquisition"). Such signatories are collectively called "Members" and individually called a "Member."

**RECITALS**

A. Nautilus is an Affiliate (as defined below) of Direct Focus, Inc., a Washington corporation ("Direct Focus") and is in the business of designing, manufacturing, marketing, selling, and distributing exercise equipment for personal and commercial use;

B. Pacific Cycle, LLC ("Pacific"), directly and indirectly through its wholly-owned subsidiary, Acquisition, is in the business of designing, manufacturing, marketing, selling, and distributing bicycles, bicycling equipment and other cycling and related products for personal use;

C. Direct Focus and Acquisition have purchased the tangible and intangible assets of Schwinn/GT Corporation and certain affiliated companies (collectively, "Schwinn"), including, among other things, trademarks and associated goodwill;

D. Direct Focus has purchased those Schwinn assets primarily related to the fitness business and Acquisition has purchased those Schwinn assets primarily related to the cycling business. Acquisition has financed its purchase of the Schwinn cycling business assets, in part, with funds obtained pursuant to that certain Credit Agreement dated as of September \_\_, 2001 by and among Pacific, Acquisition, GMAC Business Credit, LLC, a Delaware limited liability company, as agent (in such capacity, the "Agent") and as a lender, and the other lenders from time to time party thereto (such lenders are sometimes referred to herein as the "Lenders" and such credit agreement, as may be amended, restated, modified or refinanced from time to time, is sometimes referred to herein as the "Credit Agreement" or the "Loan");

E. The SCHWINN name and trademark has been in substantial and continuous use by Schwinn and its related entities for over one hundred years and has become a famous mark entitled to protection in connection with a wide range of consumer products including fitness and cycling products;

F. The Members have agreed to form Pacific Direct, LLC (the "Company") and to assign to the Company the rights to acquire from Schwinn certain valuable trademarks associated with both businesses, comprised of the SCHWINN® mark, related composite marks, and related logos and the domain names incorporating the SCHWINN mark which are listed on Schedule A

**EXHIBIT A**  
**SCHWINN ACQUISITION LLC**

**WHEREAS**, the Company is a wholly-owned acquisition subsidiary of Pacific Cycle, LLC, a Delaware limited liability company (the "**Parent**");

**WHEREAS**, the Parent wishes to purchase substantially all of the assets of the cycling division of Schwinn/GT Corp., a Delaware corporation, and certain affiliated companies (collectively, "**Schwinn/GT**") (the "**Asset Purchase**") pursuant to the terms and conditions of that certain Asset Purchase Agreement by and among Schwinn/GT, the Company, and Parent, dated as of September 6, 2001, as modified by the bankruptcy court auction from September 10 through September 12, and as may be amended by the parties thereto (the "**Asset Purchase Agreement**") the form of which has heretofore been reviewed by the sole member of the Company (the "**Member**");

**WHEREAS**, in connection with the Asset Purchase, the Company will enter into the following related documents, the forms of which have heretofore been reviewed by the Member (collectively, the "**Schwinn Acquisition Agreements**");

1. Assignment and Assumption Agreement by and between Schwinn/GT and the Company;
2. Bill of Sale by and between Schwinn/GT and the Company;
3. Deposit Escrow Agreement by and among Schwinn/GT, the Company and the escrow agent named therein;
4. Intellectual Property Assignment with Schwinn/GT;
5. Adjustment Escrow Agreement; and
6. Such other agreements and/or documents as may be contemplated by the Asset Purchase Agreement or Schwinn Acquisition Agreements

**NOW, THEREFORE, BE IT RESOLVED**, that the Member hereby approves and authorizes the Asset Purchase pursuant to the terms of the Asset Purchase Agreement and Schwinn Acquisition Agreements and that the form, terms and provisions of the Asset Purchase Agreement, and the Company's performance thereunder, are hereby authorized and approved, and in connection therewith, that the Member is hereby authorized, empowered and directed to execute and deliver, on behalf of the Company, the Asset Purchase Agreement, in substantially the form previously reviewed and accepted by the Member, together with such amendments, changes, additions and omissions thereto as the Member shall approve, such approval to be conclusively evidenced by the Member's execution and delivery of the Asset Purchase Agreement, and any such changes, additions and omissions are hereby further authorized and approved;

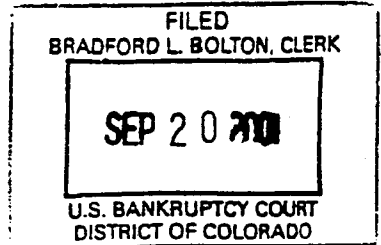
GT BICYCLES, INC.:

Registered U.S. Trademarks

Country	Mark	Reg. No.	Reg. Date	Int'l Class	Goods/Services	Ser. No.	Next Deadline
United States	BE THE ENGINE	2,218,183	1/19/99	12	Bicycles and structural parts therefor	75/273,586	1/19/05
United States	BICYCLE AIR SHOW	2,142,505	3/10/98	41	Organizing and conducting bicycle free-style stunt exhibitions	75/243,030	3/10/04
United States	CYCLE DESIGN	1,832,703	4-26-94	12	Bicycles and structural parts therefor	74/360,836	4/26/04
United States	CYCLE DESIGN CD and Design	1,680,245	3/24/92	12	Bicycles and structural parts therefor	74/152,668	3/24/02
United States	DRAIN PIPE and Design	1,433,766	3/24/87	12	Bicycle seat posts	73/614,838	3/24/07
United States	DYNO (Stylized)	1,582,622	2/13/90	25	Clothing, namely, men, women and children's t-shirts, jerseys, trousers, sweat shirts and pants, gloves, caps and shoes	73/664,065	2/13/00
United States	DYNO BOY	1,447,655	7/12/87	25	T-shirts, sweatshirts, shorts, pants, blouses, shirts, caps, visors, bathing suits, tights and leotards, jackets	73/628,843	7/14/07
United States	GT	1,516,316	12/13/88	12	Non-motorized bicycles, tires, seat posts, forks, frames and bars	73/727,680	12/13/08
United States	GT ALL TERRA	2,256,458	6/29/99	12	Bicycles	75/336,388	6/29/05
United States	GT BICYCLES & Design	2,050,520	4/08/97	12	Bicycles and bicycle structural parts and bicycle accessories	75/048,230	4/08/07
United States	GT BICYCLES & Design	1,818,446	1/25/94	12	Bicycles and bicycle structural parts	74/227,861	1/25/04
United States	GT BMX & Design	1,345,992	7/02/85	12	Non-motorized bicycles, tires, seat posts, forks, frames and bars	73/461,512	7/02/05
United States	GT TRIPLE TRIANGLE DESIGN & Design	1,567,013	11/21/89	12	Bicycles and structural parts thereof	73/752,964	11/21/09
United States	GEARHEADS	1,987,666	7/16/96	16	Newsletters pertaining to bicycles and bicycle competitions	74/607,023	7/16/02
United States	HAMMERDOWN	1,994,147	8/13/96	16	Newsletters pertaining to bicycles and bicycle competitions	74/607,024	8/13/02
United States	I-DRIVE	2,358,301	6/13/00	12	Bicycles and bicycle structural parts	75/449,741	6/13/06
United States	POWERLITE	1,852,340	9/06/94	12	Bicycle racing frames and structural parts therefor	74/087,731	9/06/04
United States	PERFORMER	1,970,735	4/30/96	12	Bicycles	74/420,483	4/30/02
United States	RITEWAY and Design	1,645,618	5/21/91	42	Distributorship services in the field of bicycles, bicycle parts, and bicycle accessories	74/034,024	5/21/01
United States	ROBINSON (Stylized)	1,320,670	2/19/85	12	Bicycles	73/468,150	2/19/05
United States	SPIN	2,016,941	11/19/96	12	Wheels for bicycles used for transportation	74/648,540	11/19/02
United States	STREAMLINE	2,385,900	9/12/00	12	Bicycles and bicycle structural parts and bicycle accessories	75/257,131	9/12/06
United States	TCP TOTAL CONCEPT PLAN	1,674,484	2/04/92	35	Marketing services for distributors and dealerships featuring bicycles, bicycle parts and accessories	74/150,646	2/04/02
United States	TIMBERLIN	1,357,921	9/3/85	12	Bicycles; Bicycle structural parts; bicycle accessories	73/519,570	9/3/05

DC3269141

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF COLORADO



In Re: )  
)  
SCHWINN/GT CORP. )  
Debtor ) Chapter 11 Case  
Case No. 01-20292 (SBB)

In Re: )  
)  
SCHWINN CYCLING AND FITNESS, )  
INC. ) Chapter 11 Case  
Debtor ) Case No. 01-20293 (SBB)

In Re: )  
)  
GT BICYCLES, INC. )  
Debtor ) Chapter 11 Case  
Case No. 01-20294 (SBB)

In Re: )  
)  
RITEWAY DISTRIBUTION, INC. )  
Debtor ) Chapter 11 Case  
Case No. 01-20296 (SBB)

In Re: )  
)  
HEBB INDUSTRIES, INC. )  
Debtor ) Chapter 11 Case  
Case No. 01-01-20297 (SBB)

In Re: )  
)  
GT BMX, INC. )  
Debtor ) Chapter 11 Case  
Case No. 01-20295 (SBB)

Jointly Administered Under  
Bankruptcy Case No. 01-20292 SBB

BMW MC No. 19

I hereby attest and certify on 9/20/01  
that the foregoing/affixed document(s)  
is/are a full, true and correct copy of  
original on file in my office and in  
legal custody.  
Clerk, U.S. Bankruptcy Court  
District of Colorado  
By: Bradford L. Bolton  
Deputy Clerk

ORDER (I) AUTHORIZING AND APPROVING (A) THE JOINT NON-CONFORMING  
BID AND RELATED ASSET PURCHASE AGREEMENTS WITH DIRECT FOCUS,  
INC. AND PACIFIC CYCLE, LLC (B) THE SALE OF THE ASSETS OF THE  
DEBTORS' CYCLING AND FITNESS DIVISIONS, FREE AND CLEAR OF ALL  
LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; AND (C) THE ASSUMPTION  
AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED

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