

04-28-1998



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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original document or copy thereof.

1. Name(s) of conveying party(ies):

1) PACIFIC FITNESS CORPORATION
 2) _____
 3) _____
 4) _____
 5) _____
 6) _____

Additional names of conveying parties attached? Yes No

MRD
4-16-98

2. Name and address of receiving party:

Name: STAIRMASTER SPORTS/MEDICAL PRODUCTS, INC.
 Internal Address: SUITE 100

Street Address: 12421 WILLOWS ROAD N.E.

City: KIRKLAND State WA
 Zip: 98034

Additional names & addresses attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other LICENSE AGREEMENT

Execution Dates:

1) FEBRUARY 20, 1998 4) _____
 2) _____ 5) _____
 3) _____ 6) _____

4. Application number(s) or registration number(s):

If this document is being filed together with a new application,
 the execution date of the application is _____.

A. Patent Application No(s).
08/865,475
08/865,217

B. Patent No(s).

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: SEED AND BERRY LLP
 Internal Address: C/O GEORGE C. RONDEAU, JR.
6300 COLUMBIA CENTER
 Street Address: 701 FIFTH AVENUE
 City: SEATTLE State: WA ZIP: 98104-7092

6. Total number of applications and patents involved..... 2

7. Total Fee (37 CFR 3.41): \$80
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
19-1090

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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.

GEORGE C. RONDEAU, JR. George C. Rondeau 4/9/98
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 4

LICENSE AGREEMENT

This License Agreement, made effective February 20, 1998, by and between Pacific Fitness Corporation (hereinafter referred to as "LICENSOR"), a corporation of California, having a place of business at 6600 West Katella Avenue, Cypress, California 90603, and StairMaster Sports/Medical Products, Inc. (hereinafter referred to as "LICENSEE"), a corporation of Delaware, having a place of business at 12421 Willows Road NE, Suite 100, Kirkland, Washington 98034.

WHEREAS, LICENSOR is the owner of U.S. Patent Applications Serial No. 08/865,475, filed May 29, 1997, entitled "Articulated Upper Arm Exerciser," and Serial No. 08/865,217, filed May 29, 1997, entitled "Articulated Upper Arm Exerciser;" and

WHEREAS, LICENSEE wishes to manufacture and sell one or more products incorporating the inventions of said Patent Applications; and

WHEREAS, LICENSOR is willing to grant such a license upon and subject to the terms set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants and conditions set forth below, the parties agree as follows:

1. Definition of Certain Terms

The terms defined in this Section 1, whenever used in this License Agreement, shall have the respective meanings indicated below for all purposes of this License Agreement.

(a) **LICENSED PATENT PROPERTIES:** includes U.S. Patent Applications Serial No. 08/865,475, filed May 29, 1997, entitled "Articulated Upper Arm Exerciser," and Serial No. 08/865,217, filed May 29, 1997, entitled "Articulated Upper Arm Exerciser;" and any and all United States and foreign patent applications and patents which might issue from or be based upon the subject matter thereof, including United States continuation, continuation-in-part, divisional, provisional, reissue and continued patent applications and patents and counterpart foreign patent application and patents.

(b) **LICENSED PRODUCTS:** includes any products incorporating one or more of the inventions claimed in the LICENSED PATENT PROPERTIES.

2. Grant

LICENSOR hereby grants to LICENSEE a nonexclusive, worldwide, royalty-free right and license in the Commercial Market (as hereinafter defined) to any and all rights and privileges provided by the LICENSED PATENT PROPERTIES, including without limitation the right to manufacture, have made, import, use, offer to sell, lease, and sell LICENSED PRODUCTS. A LICENSED PRODUCT is sold in the "Commercial Market" for purposes of this License Agreement if sold by LICENSEE to a commercial entity such as a health club, YMCA, corporate fitness center, or similar entity.

3. Covenant Not to Sue

LICENSOR covenants not to sue LICENSEE or its suppliers, distributors, customers or others to the extent that LICENSEE or its suppliers, distributors, customers, or others acting pursuant to LICENSEE's authorization are making, using, or selling a LICENSED PRODUCT, unless sold by LICENSEE into a market other than the Commercial Market. This covenant not to sue does not apply to intellectual property rights of LICENSOR that are created or invented after the effective date of this License Agreement. Such covenant not to sue extends to any existing or future patent applications of LICENSOR as to any product described in the LICENSED PATENT PROPERTIES.

4. Term

This License Agreement shall commence on the effective date hereof, and continue until the expiration of the last to expire of any patents of the LICENSED PATENT PROPERTIES, including any term extensions thereof. The covenant not to sue in paragraph 3 survives termination of this License Agreement unless terminated due to a breach of this License Agreement by LICENSEE.

5. Assignability

LICENSEE shall not assign this License Agreement or the rights or obligations of LICENSEE under this License Agreement without the prior consent of LICENSOR, except in connection with the purchase of (a) substantially all of LICENSEE's assets, or (b) substantially all of LICENSEE's stock by a third party or any successor thereof.

6. Successors

This License Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs and permitted assigns.

7. Relationship of Parties

Nothing contained in this License Agreement shall be construed to place LICENSOR or LICENSEE in the relationship of partners, joint venturers or principal and agent, and neither party shall have the power to obligate or bind the other in any manner whatsoever.

8. Governing Law

This License Agreement shall be governed in all respects by the internal laws of the state of California, without giving effect to the conflict of laws rules thereof.

9. Disputes

Any dispute between the parties concerning the License Agreement shall be resolved in accordance with the dispute resolution procedures set forth in that certain Asset Purchase Agreement between the parties dated on or about February 2, 1998.

10. Headings

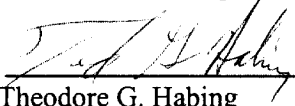
The headings contained in this License Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this License Agreement.

IN WITNESS WHEREOF, the parties have duly executed this License Agreement, effective as of the date first above written.

LICENSOR

Pacific Fitness Corporation

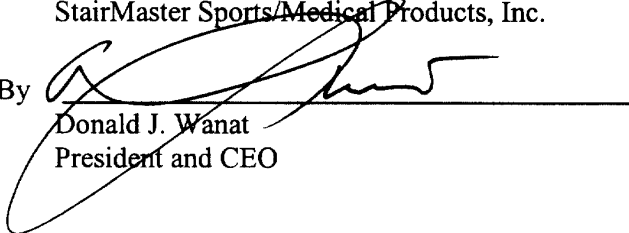
By


Theodore G. Habing
President and CEO

LICENSEE

StairMaster Sports/Medical Products, Inc.

By


Donald J. Wanat
President and CEO

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