

NAUTILUS, INC.  
Form 4  
February 03, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
ENDOWMENT CAPITAL GROUP LLC

(Last) (First) (Middle)

1105 NORTH MARKET STREET, 15TH FLOOR

(Street)

WILMINGTON, DE 19801

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
NAUTILUS, INC. [NLS]

3. Date of Earliest Transaction (Month/Day/Year)  
02/01/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
\_X\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
|                                 |                                      |  |                                | (A) or (D)  | Amount (D) Price  |  |  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying | 8. De |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|-----------------------------------|-------|
|                                 |                           |                                      |                                   |                     |                                    |  |                                   |       |

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| (Instr. 3)    | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) |     |     |                  |                 | Securities (Instr. 3 and 4) | (In                        |
|---------------|------------------------------|------------------|------------|--|-----|-----|------------------|-----------------|-----------------------------|----------------------------|
|               |                              |                  | Code       | V  | (A) | (D) | Date Exercisable | Expiration Date | Title                       | Amount or Number of Shares |
| NLS+GC (call) | \$ 15                        | 02/01/2006       | S          |  |     |     | 01/19/2006       | 07/01/2006      | NLS                         | 400,000 \$                 |
| NLS+GC (call) | \$ 15                        | 02/02/2006       | S          | V  |     |     | 01/19/2006       | 07/01/2006      | NLS                         | 150,000 \$                 |
| OND+AC (call) | \$ 15                        | 02/02/2006       | S          | V  |     |     | 01/19/2006       | 01/01/2007      | NLS                         | 500,000 \$                 |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| ENDOWMENT CAPITAL GROUP LLC<br>1105 NORTH MARKET STREET<br>15TH FLOOR<br>WILMINGTON, DE 19801   |               | X         |         |       |
| LONG DRIVE L P<br>1105 NORTH MARKET STREET<br>15TH FLOOR<br>WILMINGTON, DE 19801                |               | X         |         |       |
| ENDOWMENT CAPITAL L P<br>1105 NORTH MARKET STREET<br>15TH FLOOR<br>WILMINGTON, DE 19801         |               | X         |         |       |
| TIMON PHILIP C<br>1105 NORTH MARKET STREET<br>15TH FLOOR<br>WILMINGTON, DE 19801                |               | X         |         |       |
| Endowment Capital Group, L.P.<br>1105 NORTH MARKET STREET<br>15TH FLOOR<br>WILMINGTON, DE 19801 |               | X         |         |       |

## Signatures

See attached  
Exhibit 99

02/03/2006

\_\_Signature of Reporting  
Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Endowment Capital, L.P. (1,375,705 shares) and Long Drive, L.P. (768,124 shares) (collectively, the "Funds") directly own the 2,143,829 shares of Common Stock (the "Shares"). Endowment Capital Group, LLC is the sole general partner and Endowment Capital Group, L.P. is the sole investment manager of each of the Funds. Philip Timon is the sole managing member of Endowment Capital Group, LLC and Endowment Capital Group, L.P.

(2) Endowment Capital, L.P. (673,900 shares) and Long Drive, L.P. (376,100 shares) (collectively, the "Funds") directly own the 1,050,000 derivatives.

(3) By virtue of its position as the sole general partner of the Funds, Endowment Capital Group, LLC may be deemed to be the indirect beneficial owner of the Shares. Nothing in this Form 4 shall be deemed an admission that Endowment Capital Group, LLC is, for purposes of Section 16 of the Securities Exchange Act or otherwise, the beneficial owner of any securities reported on this Form 4 in which it does not have a pecuniary interest as calculated pursuant to the rules and regulations promulgated under Section 16 of the Securities Exchange Act.

(4) By virtue of its position as the investment manager of the Funds, Endowment Capital Group, L.P. may be deemed to be the indirect beneficial owner of the Shares. Nothing in this Form 4 shall be deemed an admission that Endowment Capital Group, L.P. is, for purposes of Section 16 of the Securities Exchange Act or otherwise, the beneficial owner of any securities reported on this Form 4 in which it does not have a pecuniary interest as calculated pursuant to the rules and regulations promulgated under Section 16 of the Securities Exchange Act.

(5) By virtue of his position as the managing member of both Endowment Capital Group, LLC and Endowment Capital Group, L.P., Philip Timon may be deemed to be the indirect beneficial owner of the Shares. Nothing in this Form 4 shall be deemed an admission that Philip Timon is, for purposes of Section 16 of the Securities Exchange Act or otherwise, the beneficial owner of any securities reported on this Form 4 in which he does not have a pecuniary interest as calculated pursuant to the rules and regulations promulgated under Section 16 of the Securities Exchange Act.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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