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PAN="2" ALIGN="center" STYLE="border-bottom: 1px solid #000000">Level 3 Total

Mutual Funds Common Stock

\$11,369,236 \$ \$ 11,369,236

Mutual Funds Bonds

812,734 812,734

Common Stock of Nautilus, Inc.

189,438 189,438

Common/Collective Trusts

1,592,063 1,592,063

Participant Loans

185,368 185,368

Total Investments fair value

\$12,371,408 \$1,592,063 \$185,368 \$14,148,839

	<b>Participant Loans</b>
Balance, January 1, 2008	\$
Loan issuances	226,836
Repayments and offsets, net	(41,468)
Balance, December 31, 2008	\$ 185,368

**4. INVESTMENTS**

The Plan's investments (including investments purchased, sold as well as held during the year) appreciated (depreciated) in fair value, as determined by quoted market prices, as follows during the years ended December 31:

	<b>2008</b>	<b>2007</b>
Mutual Funds	\$ (7,524,994)	\$ 263,205
Nautilus, Inc. common stock	(191,984)	(559,992)
Net depreciation in fair value of investments	\$ (7,716,978)	\$ (296,787)

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	December 31,	
	2008	2007
Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:		
T. Rowe Price Growth Stock Fund	\$ 2,141,863	\$ 4,417,146
T. Rowe Price Stable Value Fund Sch E (*)	1,592,063	1,545,512
T. Rowe Price Balanced Fund	1,362,673	2,292,388
T. Rowe Price Retirement 2030 Fund	1,200,699	2,103,403
Artio International Equity A (**)	1,048,296	2,055,861
T. Rowe Price Retirement 2040 Fund	985,671	1,327,465
T. Rowe Price Mid-Cap Growth Fund	898,713	1,734,755
T. Rowe Price Retirement 2020 Fund	819,995	1,317,706
PIMCO Total Return Fund	812,734	N/A
T. Rowe Price Equity Income Fund	732,817	1,324,541
Investments that represent less than 5%	2,553,315	4,502,017
<b>Total investments at fair value</b>	<b>\$ 14,148,839</b>	<b>\$ 22,620,794</b>

N/A indicates investment did not exceed 5% of the Plan's net assets available for benefits at that date.

(\*)T. Rowe Price Stable Value Fund is stated at fair value. Contract value for this fund is \$1,606,987 and \$1,536,377 at December 31, 2008 and 2007, respectively.

(\*\*) Formerly the Julius Baer International Equity A Fund.

**5. INVESTMENT CONTRACTS WITH INSURANCE COMPANY**

The T. Rowe Price Stable Value Fund invests in guaranteed investment contracts (GICs) issued by insurance companies and other financial institutions. The issuer of a GIC generally takes a deposit and purchases investments that are held in the issuer's general account. The issuer is contractually obligated to repay the principal and specified interest guaranteed to the fund. Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

In accordance with FASB Staff Position, AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*, the fair value of the T. Rowe Price Stable Value Fund is reported as a component of investments in the statements of net assets available for benefits, and the adjustment from fair value to contract value, of the T. Rowe Price Stable Value Fund, is reported in a separate line in the statement of net assets available for benefits. The statement of changes in net assets available for benefits is presented on a contract value basis.

**6. RELATED PARTY TRANSACTIONS**

The Plan invests in shares of the Company's common stock, at the direction of the participants, and, shares of mutual funds and the common/collective trust fund managed by T. Rowe Price. T. Rowe Price is the trustee and record keeper as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

**7. INCOME TAX STATUS**

The Plan is based on an underlying non-standardized prototype plan and has applied for an opinion letter from the Internal Revenue Service (IRS) to indicate whether the form of the Plan is qualified under Section 401 of the IRC, and therefore, whether the related trust is tax exempt. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan meets the criteria for qualification under the IRC, and that, the related trust is tax exempt. Accordingly, no provision for income taxes has been included in the Plan's financial statements.



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**8. PLAN TERMINATION**

While it has not expressed any intent to do so, the Company may terminate the Plan at any time, subject to the provisions of ERISA. In the event of total or partial termination of the Plan, participants will become 100% vested in their accounts.

**9. SUBSEQUENT EVENTS**

On April 19, 2009, the Plan was amended to terminate employer matching contributions. In addition, based on anticipated employee turnover in 2009, the Company may make amendments to the Plan during 2009 to accelerate vesting for certain personnel which would be required in the event that cumulative terminations and employee turnover exceed certain IRS limits.

**10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of the net assets available for benefits per the financial statements at December 31, to Form 5500:

	2008	2007
Statement of net assets available for benefits:		
Net assets available for benefits per the financial statements	\$ 14,377,498	\$ 23,491,117
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(14,924)	9,135
Net assets available for benefits per the Form 5500, at fair value	\$ 14,362,574	\$ 23,500,252

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to the Form 5500, at and for the years ended December 31:

	2008	2007
Increase (decrease) in net assets per the financial statements	\$ (9,113,619)	\$ 2,462,562
Transfer of assets from Plan for sale of subsidiary	2,408,565	
Adjustment for fair value of fully benefit-responsive T. Rowe Price Stable Value Fund	(24,059)	22,489
Net income (loss) per Form 5500	\$ (6,729,113)	\$ 2,485,051

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NAUTILUS, INC. 401(k) SAVINGS PLAN

FORM 5500, SCHEDULE H, LINE 4i

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2008

(a)	(b) Identity of Issue/ (c) Description of Investment	(d) Cost (1)	(e) Current Value
	<b>Mutual Funds:</b>		
	<i>Bond Funds</i>		
	PIMCO Total Return Fund		\$ 812,734
	<i>Stock Funds</i>		
*	T. Rowe Price Balanced Fund		1,362,673
*	T. Rowe Price Equity Income Fund		732,817
*	T. Rowe Price Equity Index 500 Fund		581,565
*	T. Rowe Price Growth Stock Fund		2,141,863
*	T. Rowe Price Mid-Cap Growth Fund		898,713
*	T. Rowe Price Mid-Cap Value Fund		209,794
*	T. Rowe Price Retirement Income Fund		107,321
*	T. Rowe Price Retirement 2010 Fund		266,253
*	T. Rowe Price Retirement 2020 Fund		819,995
*	T. Rowe Price Retirement 2030 Fund		1,200,699
*	T. Rowe Price Retirement 2040 Fund		985,671
*	T. Rowe Price Retirement 2050 Fund		241,462
**	Artio International Equity A		1,048,296
	Tygh Capital Management Small Cap Growth Fund		272,125
*	T. Rowe Price Small-Cap Value Fund		499,989
	Total mutual funds		12,181,970
	<b>Common Trust Fund:</b>		
*	T. Rowe Price Stable Value Fund Sch E		1,592,063
*	<i>Nautilus, Inc. Common Stock</i>		189,438
	<i>Participant Loans</i> (Interest rates ranging from 4.25% - 7.0%, maturing from 7/30/09 to 2/06/20)		185,368
	<b>TOTAL INVESTMENTS</b>		<b>\$ 14,148,839</b>

\* Denotes a party-in-interest with respect to the Plan

\*\* Formerly the Julius Baer International Equity A Fund

(1) Historical cost information is not required for participant-directed investments.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the Nautilus, Inc. 401(k) Savings Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

NAUTILUS, INC. 401(k) SAVINGS PLAN

(Name of Plan)

Date: July 13, 2009

By: /s/ Kenneth L. Fish  
Kenneth L. Fish  
Chief Financial Officer

Nautilus, Inc.