

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
BALLY TOTAL FITNESS OF)	
GREATER NEW YORK, INC., <u>et al.</u> ,)	Case No. 08-14818 (BRL)
)	
Debtors.)	
)	Jointly Administered
)	

**AMENDED NINTH INTERIM ORDER (A) AUTHORIZING USE
OF CASH COLLATERAL, (B) PROVIDING ADEQUATE
PROTECTION, AND (C) SCHEDULING A FINAL HEARING**

Upon the Motion, dated December 3, 2008 (the “**Motion**”),¹ of Bally Total Fitness Holding Corporation and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”) for entry of (i) an interim order (the “**Interim Order**”): (a) authorizing the Debtors’ use of cash collateral, (b) granting adequate protection with respect to any diminution in the value of the interests in the Prepetition Collateral, and (c) scheduling a final hearing on the Motion; and (ii) entry of a final order (a) authorizing the Debtors’ use of cash collateral, and (b) granting the Prepetition Secured Creditors adequate protection with respect to any diminution in the value of the Prepetition Secured Creditors’ interests in the Prepetition Collateral, all as more fully set forth in the Motion; and the Court having subject matter jurisdiction to consider the Motion and the relief request therein pursuant to 28 U.S.C. section 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. section 157(b); and venue being proper before the Court pursuant to 28 U.S.C.

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.



sections 1408 and 1409; and due and proper notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to the agent for the Senior Secured Lenders, (iii) counsel to the indenture trustees for the Senior Secured Notes and Subordinated Toggle Notes, (iv) counsel to certain prepetition creditors, (v) the holders of the fifty largest unsecured claims (on a consolidated basis) (vi) counsel to the Debtors' equity holders (vii) any entity which filed a UCC-1 lien on the Debtors' property prior to the Petition Date; and (viii) applicable government taxing authorities; and no other or further notice need be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court, on December 5, 2008, having entered an Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Second Interim Hearing (the "**First Interim Order**"); and the Court, on December 9, 2008, having entered a Second Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the "**Second Interim Order**"); and the Court, on December 22, 2008, having entered a Third Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the "**Third Interim Order**"); and the Court, on January 7, 2009, having entered a Fourth Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the "**Fourth Interim Order**"); and the Court, on January 28, 2009, having entered a Fifth Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the "**Fifth Interim Order**"); and the Court, on February 26, 2009, having entered a Sixth Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the "**Sixth Interim Order**"); and the Court, on March 24, 2009, having entered a

Seventh Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the “**Seventh Interim Order**”); and the Court, on April 29, 2009, having entered a Eighth Interim Order (A) Authorizing Use of Cash Collateral, (B) Providing Adequate Protection, and (C) Scheduling a Final Hearing (the “**Eighth Interim Order**”); and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “**Ninth Preliminary Hearing**”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Ninth Preliminary Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore:

IT IS HEREBY FOUND THAT:

A. On December 3, 2008 (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York. The Debtors are continuing to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner. On December 12, 2008, the United States Trustee appointed an official committee of unsecured creditors (the “**Creditors’ Committee**”).

B. This Court has jurisdiction over these Chapter 11 cases and the Motion pursuant to 28 U.S.C. § 157(b) and 1334. Consideration of this Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361 and 363 of the Bankruptcy Code and Rule 4001(b) of the Federal

Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”). Venue of the Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that pursuant to the Credit Agreement among Bally, Morgan Stanley Senior Funding, Inc., as Administrative Agent and Collateral Agent, Wells Fargo Foothill, LLC, as Revolving Credit Agent, and the CIT Group/Business Credit, Inc., as Revolving Syndication Agent and the lenders party thereto (the “**Senior Secured Lenders**”), the Senior Secured Lenders provided pre-petition financing of up to \$292 million, consisting of \$50 million in a senior secured revolving credit facility with a \$40 million sublimit for letters of credit (the “**Revolver Facility**”) and a six-year \$242 million senior secured term loan facility (the “**Term Loan**”). The proceeds from the Term Loan and the Revolver Facility were used to refinance the amounts outstanding under the Company’s debtor-in-possession financing agreement and to provide additional working capital. The Company also entered into interest rate hedging agreements (the “**Interest Rate Hedging Agreements**”) with certain Senior Secured Lenders or their affiliates (“**Interest Rate Hedging Counterparties**”).

D. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that pursuant to the Guarantee and Collateral Agreement, dated October 1, 2007, made by Bally and the other Debtors in favor of the Agent, obligations under the Credit Agreement, including obligations under the Interest Rate Hedging Agreements, and the obligations under that certain Operating Banks Guaranty Agreement (the “**Operating Banks Guaranty Agreement**”), dated as of October 1, 2007, between certain of the Debtors and the Operating Banks (as that term is defined in the Operating Banks Guaranty Agreement), are secured by (subject to certain exceptions) first priority liens and security interests on certain

assets and property of the Debtors, including without limitation, accounts, deposit accounts, chattel paper, commercial tort claims, contracts, documents, equipment, general intangibles, instruments, intellectual property, inventory, investment property, all pledged securities, receivables, goods, and books and records and the proceeds thereof (collectively the **“Prepetition Collateral”**).

E. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that in connection with the second waiver, dated September 23, 2008 (the **“Second Waiver”**), the Agent, on behalf of the Senior Secured Lenders, Interest Rate Hedging Counterparties and Operating Banks (the **“Senior Secured Parties”**) was granted security interests in approximately 53 leasehold and fee-owned property interests (the **“Encumbered Leases”**). Notwithstanding the Second Waiver, as of the Petition Date, the Debtors have 350 leases that had not been pledged to the Senior Secured Parties (the **“Unencumbered Leases”**).

F. Without prejudice to the rights of any party, the Debtors further acknowledge and agree that certain cash on hand of the Debtors and amounts generated by the collection of accounts receivable, sale of inventory or other dispositions of the Prepetition Collateral constitute proceeds of the Prepetition Collateral and, therefore, is cash collateral of the Senior Secured Lenders within the meaning of Section 363(a) of the Bankruptcy Code (the **“Cash Collateral”**).

G. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that as of the Petition Date, the Agent and the Senior Secured Parties had made loans and financial accommodations such that (i) Bally was liable to the Agent and the Senior Secured Lenders in respect of loans made by the Agent and the Senior Secured Lenders to

Bally pursuant to the Credit Agreement in the aggregate principal amount of not less than \$285.1 million, (ii) Bally was contingently liable to the Agent and the Senior Secured Lenders in the aggregate face amount of approximately \$5.7 million on account of Bally's reimbursement obligations with respect to letters of credit issued pursuant to the Credit Agreement which remained outstanding as of the Petition Date, (iii) Bally was liable to the Agent and the Senior Secured Lenders for fees and expenses incurred in connection with such loans and letters of credit as provided in the Credit Agreement, (iv) Bally was liable to the Interest Rate Hedging Counterparties under certain Interest Rate Hedging Agreements, (v) each Debtor party to a guarantee executed and delivered in respect of the Prepetition Obligations was contingently liable to the Agent, the Senior Secured Lenders and the Interest Rate Hedging Counterparties pursuant to such guarantee, and (vi) Bally and each Debtor party to the Operating Banks Guaranty Agreement, are contingently liable to the Operating Banks pursuant to the Credit Agreement and the Operating Banks Guaranty Agreement (collectively, the "**Prepetition Obligations**").

H. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that on October 1, 2007, Bally issued \$247,337,500 of the Senior Secured Notes under that certain Indenture, dated as of October 1, 2007 (the "**Senior Secured Notes Indenture**") between Bally and U.S. Bank National Association ("**U.S. Bank**") as Trustee. The Debtors have granted U.S. Bank, on behalf and for the benefit of the holders of the Senior Secured Notes, a second priority lien on the Prepetition Collateral.

I. Without prejudice to the rights of any other party, the Debtors acknowledge and agree that the Senior Secured Lenders and the Senior Secured Noteholders (together, with the Agent, U.S. Bank, the Interest Rate Hedging Counterparties and the Operating

Banks, the “**Prepetition Secured Creditors**”) are entitled, pursuant to Sections 361 and 363(e) of the Bankruptcy Code, to adequate protection of their interest in the Prepetition Collateral to the extent of the diminution in value, including for the use of the Cash Collateral, the use, sale, lease, depreciation, or other diminution in value of the Prepetition Collateral, other than the Cash Collateral, and the imposition of the automatic stay.

J. Good cause has been shown for the entry of this Order. The ability of the Debtors to finance their operations requires the use of Cash Collateral, absent which immediate and irreparable harm will result to the Debtors, their estates and creditors, and the possibility for a successful chapter 11 case. In the absence of the use of Cash Collateral, the continued operation of the Debtors’ businesses would not be possible and serious and irreparable harm to the Debtors, their estates and their creditors would occur. The Debtors do not have sufficient available sources of working capital and financing to operate their businesses in the ordinary course of business or to maintain their property without the use of Cash Collateral. The relief requested in the Motion is therefore necessary, essential, and appropriate for the continued operation of the Debtors’ businesses, the management and preservation of their property. The use of the Cash Collateral is therefore of the utmost significance and importance to the preservation and maintenance of the going concern value of the Debtors and their estates, and the preservation of prospects for a successful reorganization of the Debtors under Chapter 11 of the Bankruptcy Code.

K. The Prepetition Secured Creditors have not objected to the Debtors use of their Cash Collateral. In addition, based on the record presented to the Court at the Seventh Preliminary Hearing, the terms of the Debtors’ use of the Prepetition Secured Creditors’ Cash

Collateral appear to be fair and reasonable, and to reflect the Debtors' and their respective directors' exercise of prudent business judgment consistent with their fiduciary duties.

L. The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rule 4001(b)(2). The use of the Prepetition Secured Creditors' Cash Collateral is necessary to avoid immediate and irreparable harm to the Debtors. This Court concludes that entry of this Order is in the best interest of the Debtors' estate and creditors.

M. Notice of the First Interim Order, the Second Interim Order, the Third Interim Order, the Fourth Interim Order, the Fifth Interim Order, the Sixth Interim Order, the Seventh Interim Order, the Eighth Interim Order, and the Ninth Preliminary Hearing and the relief requested in the Motion has been given to: (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to the agent for the Senior Secured Lenders, (iii) counsel to the indenture trustees for the Senior Secured Notes and Subordinated Toggle Notes, (iv) counsel to certain prepetition creditors, (v) counsel to the official committee of unsecured creditors, (vi) counsel to the Debtors' equity holders (vii) any entity which filed a UCC-1 lien on the Debtors' property prior to the Petition Date; and (viii) applicable government taxing authorities. Under the circumstances, such notice of the Ninth Preliminary Hearing was given in accordance with Sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(b), and the local rules of this District.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Ninth Preliminary Hearing, and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED that:

1. The Motion is granted as set forth herein. The Debtors are hereby authorized to use the Cash Collateral (including, without limitation, Cash Collateral consisting of proceeds from any disposition of Prepetition Collateral prior to the Petition Date) on an interim basis for general corporate purposes and costs and expenses related to these Chapter 11 cases in accordance with the Budget attached as Annex A hereto and the terms and conditions of this Order.

2. Subject to the terms and conditions of this Amended Ninth Interim Order, and in accordance with the Budget (as defined below), the Debtors are authorized to use Cash Collateral for the period (the “**Specified Period**”) from the Petition Date through the earliest to occur of (a) the date a further order is entered granting or denying the Motion and (b) 11:59 p.m. (Eastern Time) on July 23, 2009. Except as otherwise expressly provided herein, Cash Collateral may be used during the Specified Period solely up to the amounts (not to exceed 115% of the amounts set forth in the Budget on a cumulative, aggregate rolling basis measured weekly as of the close of business on Friday of each week), at the times, and for the purposes identified in the cash collateral budget reasonably approved by the Agent (the “**Budget**”), a copy of which is attached hereto as Annex A. The authorization for the Debtors to use Cash Collateral shall terminate at the expiration of the Specified Period.

3. Notwithstanding anything to the contrary in the Credit Agreement or this Order, the Revolving Agent, in its capacity as Issuing Lender (or such other Issuing Lender acceptable to the Revolving Agent), is hereby authorized (but not directed) to extend, amend, replace, renew or reissue any Letter of Credit outstanding under the Credit Agreement as of the Petition Date, so long as (i) the aggregate face amount of the sum of Letters of Credit outstanding after any such extension, amendment, replacement, renewal or reissuance, does not

exceed the aggregate face amount of the Letters of Credit outstanding as of the Petition Date and (ii) any such extension, amendment, replacement, renewal or reissuance is on substantially the same terms and conditions as any Letters of Credit outstanding under the Credit Agreement as of the Petition Date. No action taken by Revolving Agent under this Section shall adversely affect the validity of the claims, or the validity and priority of the liens of the Senior Secured Creditors.

4. As adequate protection for, and to the extent of, any diminution in the value of the Prepetition Secured Creditors' interest in the Prepetition Collateral resulting from (x) the use of the Cash Collateral pursuant to Section 363(c) of the Bankruptcy Code, (y) the use, sale, lease, depreciation, or other diminution in value of the Prepetition Collateral (other than the Cash Collateral) pursuant to Section 363(c) of the Bankruptcy Code and (z) the imposition of the automatic stay pursuant to Section 362(a) of the Bankruptcy Code (the amount of any such diminution being referred to hereinafter as the "**Adequate Protection Obligations**"), the Preparation Secured Creditors are granted:

- a. *Interest Payments.* The Debtors will make monthly payments of current interest to the Agent, for the benefit of the lenders under the Revolver Facility.
- b. *Expense Reimbursement.* The Debtors will pay the Agent's (i) administrative expenses and (ii) reasonable and documented professional fees in connection with monitoring the Debtors' use of Cash Collateral and the Chapter 11 Cases, on a monthly basis and in accordance with the Budget.
- c. *Letter of Credit Fees.* The Debtors will pay all fees due under the Credit Agreement to the Revolving Agent in connection with Letters of Credit extended, amended, replaced, renewed or reissued pursuant to Section 3 of this Order
- d. *Senior Secured Lenders' Replacement Liens.* The Senior Secured Lenders, Interest Rate Hedging Counterparties and the Operating Banks shall receive (effective as of the Petition Date), first priority perfected replacement liens (the "**First Priority Replacement Liens**") on all of the Debtors' rights in property acquired postpetition of the same type as the Prepetition Collateral (collectively, with the proceeds and products of any

and all of the foregoing, the “**Postpetition Collateral**”) and the Encumbered Leases in the same relative priority as the prepetition liens of the Prepetition Secured Creditors (the “**Prepetition Liens**”).

- e. *Senior Secured Notes Replacement Liens.* The Senior Secured Noteholders shall receive (effective as of the Petition Date) second priority perfected replacement liens (the “**Second Priority Replacement Liens**,” and together with the First Priority Replacement Liens, the “**Replacement Liens**”) on all of the Debtors’ rights in the Postpetition Collateral.
- f. *Senior Secured Lenders’ Real Estate Liens.* The Senior Secured Lenders, Interest Rate Hedging Counterparties and the Operating Banks shall receive (effective as of the Petition Date) first priority perfected liens (the “**First Priority Real Estate Liens**”) on all of the Debtors’ rights in the Unencumbered Leases in the same relative priority as the Prepetition Liens.
- g. *Senior Secured Notes Real Estate Liens.* The Senior Secured Noteholders shall receive (effective as of the Petition Date) second priority perfected liens on the Unencumbered Leases (the “**Second Priority Real Estate Liens**,” and together with the First Priority Real Estate Liens, the “**Real Estate Liens**”).

provided, however, that the granting of any Real Estate Liens on the Unencumbered Leases shall only be to the extent of (i) the proceeds of any sale or disposition of such leases, and, (ii) in the case of the confirmation of a plan of reorganization or liquidation, the allocable value to such Unencumbered Leases of any form of distributions to be made pursuant to such plan of reorganization or liquidation, as if the liens had attached directly to such leases, and in the same relative priority as the Prepetition Liens and provided, further, that the ultimate allocation of interest payments and expense reimbursements made under paragraph subsections a. and b. of this paragraph 4 shall be subject to a final determination under Section 506 of the Code or otherwise, upon further order of the Court.

5. Notwithstanding any provision of this Order or any other document or agreement, the Replacement Liens, the Real Estate Liens and the Prepetition Liens shall be subject and subordinate to the payment of (i) accrued and unpaid fees and expenses of

professionals retained by the Debtors or any official committee (each a “**Committee**”) appointed in accordance with section 1102 of the Bankruptcy Code and the reasonable expenses of members of any Committee or otherwise that are (x) incurred during the Specified Period and (y) allowed by the Bankruptcy Court, at any time, under section 105(a), 330, 331 or 503(b)(3) of the Bankruptcy Code, (ii) unpaid fees and expenses of professionals retained by the Debtors or any Committee and the reasonable expenses of members of any Committee up to an aggregate amount not to exceed \$1.5 million that are (x) incurred subsequent to the Specified Period and (y) allowed by the Bankruptcy Court, at any time, under section 105(a), 330, 331 or 503(b)(3) of the Bankruptcy Code or otherwise, and (iii) fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under 28 U.S.C. §1930(a) (collectively, the “**Carveout**”) (it being understood that, in the event of (a) a liquidation of the Debtors’ estates, (b) the occurrence of the effective date of a plan of reorganization, or (iii) the sale of all or substantially all of the Debtors’ assets, an amount equal to the Carveout shall be reserved from the proceeds of such liquidation, such plan of reorganization or such sale or from cash held in the Debtors’ estates at such time, and held in a segregated account prior to the making of the distributions).

6. From and after the Petition Date, the Debtors may pay, in accordance with the interim compensation procedures order approved by the Court, the expenses and fees of the professional persons retained by the Debtors and the Committee to the extent that such fees and expenses are in accordance with the Budget and this Order.

7. Notwithstanding the granting of the Real Estate Liens to the Senior Secured Lenders, Interest Rate Hedging Counterparties, Operating Banks and the Senior Secured Notes, the Debtors preserve their rights, subject to Court approval, to seek to pledge the

Unencumbered Leases to a lender who provides debtor-in-possession financing, with liens superior to the First Priority Real Estate Liens and the Second Priority Real Estate Liens, provided, however, that nothing contained herein shall constitute consent by the Prepetition Secured Creditors to such pledge and the Prepetition Secured Creditors reserve their rights to object to any such pledge on the grounds that the effect of such pledge would be that the Prepetition Secured Creditors' respective interests in the Prepetition Collateral are no longer adequately protected.

8. The Replacement Liens shall be senior to all liens and encumbrances of all other secured creditors in and to such Postpetition Collateral granted, or arising, after the Petition Date. The Replacement Liens and the Real Estate Liens granted pursuant to this Order shall constitute valid and duly perfected security interests and liens, and the Prepetition Secured Creditors shall not be required to file or serve financing statements, notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens; and the failure by the Debtors to execute any documentation relating to the Replacement Liens and the Real Estate Liens shall in no way affect the validity, perfection or priority of such Replacement Liens and Real Estate Liens. If, however, the Agent, in its sole discretion, shall determine to file any such financing statements, notices of lien or similar instruments, or to otherwise confirm perfection of such Replacement Liens and the Real Estate Liens, the Debtors are directed to cooperate with and assist in such process, the stay imposed by Section 362(a) of the Bankruptcy Code is hereby lifted to allow the filing and recording of a certified copy of this Order or any such financing statements, notices of lien or similar instruments, and all such

documents shall be deemed to have been filed or recorded at the time of and on the date of this Order.

9. The approval of the Amended Ninth Interim Order shall be without prejudice to the rights and remedies of any party in interest, including the Debtors and the Creditors' Committee to: (a) review, object to, challenge or contest (each, an "Objection") the validity, perfection, existence of or priority of the Prepetition Secured Creditors' liens and security interests on the Prepetition Collateral or the allowable amount of the Prepetition Obligations and, to the extent any such Objection is upheld by order of the Court, to challenge the granting of any adequate protection hereunder, including without limitation any payments or granting of liens; or (b) otherwise assert any claims or causes of action against the Prepetition Secured Creditors related thereto.

10. The provisions of this Amended Ninth Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in these Chapter 11 cases; (b) converting any of these Chapter 11 cases to a Chapter 7 case; or (c) dismissing any of these Chapter 11 cases.

11. Nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to any of the Prepetition Secured Creditors is insufficient to compensate for any diminution in value, including for the use of the Cash Collateral, the use, sale, lease, depreciation, or other diminution in value of the Prepetition Collateral, other than the Cash Collateral, and the imposition of the automatic stay. Nothing contained herein shall be deemed a finding by the Court that, nor shall the consent by the Prepetition Secured Creditors to the entry of this Amended Ninth Interim Order, be deemed an acknowledgement that, the adequate protection granted in such Orders does in fact adequately

protect the Prepetition Secured Creditors of their respective interests in the Prepetition Collateral (including Cash Collateral).

12. Notwithstanding any provision in other “first day” orders entered by this Court authorizing the Debtors to make payments in respect of Prepetition Obligations, the provisions in this Amended Ninth Interim Order conditioning the payment of such amounts or limiting the amount of such payments are controlling.

13. Until the Prepetition Obligations are satisfied, (i) members of the Debtors’ senior management shall meet on a weekly basis with the Senior Secured Lenders, either in person or via telephone conference (at the Debtors’ option), to discuss the Debtors’ business operations, significant events in their bankruptcy proceedings and the Status Reports (defined below) and (ii) by no later than 3:00 p.m. (New York Time) on each Tuesday which is a business day (a day on which banks are open for business in New York City), or the first business day thereafter, the Debtors shall deliver to the Senior Secured Lenders status reports (the “**Status Reports**”) in a form agreed to between the Debtors and the Senior Secured Lenders, provided, that such Status Reports shall include memberships added, expired, and cancelled during the previous seven days.

14. Upon satisfaction of the Prepetition Obligations, the Prepetition Secured Creditors shall release all liens and security interests upon the Prepetition Collateral, Real Estate Liens and all Replacement Liens.

15. A final hearing (the “**Final Hearing**”) to consider entry of a Final Order is scheduled for July 22, 2009 at 10:00 a.m. (Eastern time) before Honorable Burton R Lifland, United States Bankruptcy Judge, Courtroom 623 at the United States Bankruptcy Court for the Southern District of New York. The Debtors shall, on or before July 10, 2009, mail copies of a

notice of the entry of this Amended Ninth Interim Order and the Final Hearing, together with a copy of this Amended Ninth Interim Order and the Motion, to the parties having been given notice of the Seventh Preliminary Hearing, to any party which has filed prior to such date a request for notices with this Court, and to counsel for the Creditors' Committee. The notice of entry of this Order shall state that any party in interest objecting to the use of the Cash Collateral shall file written objections with the United States Bankruptcy Court Clerk for the Southern District of New York no later than 12:00 p.m. on July 3, 2009 and objections shall be served so that the same are received on or before such date by: (a) Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attention: Kenneth H. Eckstein, Esq., Attorneys for the Debtors, (b) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attention: David Botter, Esq., Attorneys for the Creditors' Committee, (c) Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York, 10036-6522, Attention: J. Gregory St. Clair, Attorneys for the Agent for the Senior Secured Lenders, (d) Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, New York 10019, Attention: Martin J. Bienenstock, Esq. and Irena Goldstein, Esq., Attorneys for JPMorgan Securities Inc. and Anchorage Capital, as First Lien Term Loan Lenders, and (e) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Paul Schwartzberg.

Dated: New York, New York
July 6, 2009

/s/ Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE

Annex A to Amended Ninth Interim Order

Budget

6/1/2009
3:01 PM

Bally Total Fitness

Cash Collateral Forecast - Consolidated

(in 000's)

Week Ending

	Actual	Fost	Fost	Fost	Fost	Fost	Fost	Fost	Fost	Fost
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
Week Ending	5/29/09	6/5/09	6/12/09	6/19/09	6/26/09	7/3/09	7/10/09	7/17/09	7/24/09	7/31/09
Cash Receipts:										
Total Membership Receipts	\$14,152	\$11,203	\$11,480	\$11,150	\$11,100	\$16,365	\$13,225	\$11,045	\$10,375	\$14,215
Other Non-operating Receipts	44	125	125	125	125	125	125	125	125	125
Total Cash Receipts	\$14,196	\$11,328	\$11,605	\$11,275	\$11,225	\$16,490	\$13,350	\$11,170	\$10,500	\$14,340
Cash Disbursements:										
Media	\$689	\$250	\$650	\$500	\$556	\$125	\$0	\$1,000	\$0	\$559
Payroll, Payroll Taxes & Other Employee Costs	9,842	740	7,380	540	9,380	540	7,375	540	7,375	540
Rent & Other Operating Expenses	3,207	9,100	11,010	5,551	3,990	5,450	13,000	22,851	3,725	3,880
Capital Expenditures	950	244	100	100	2,000	250	250	800	250	2,075
Revolving Credit Facility Interest Payments	0	266	0	0	0	266	0	0	0	0
Capital Lease Payments	19	25	25	25	25	25	25	25	25	25
Professional Fees	120	315	225	2,025	225	125	150	750	1,350	0
Total Cash Disbursements	\$14,828	\$10,940	\$19,390	\$8,741	\$16,176	\$6,781	\$20,800	\$25,966	\$12,725	\$7,079
Net Adjusted Receipts and (Disbursements)	(\$632)	\$388	(\$7,785)	\$2,534	(\$4,951)	\$9,709	(\$7,450)	(\$14,796)	(\$2,225)	\$7,261
Cash:										
Beginning Cash Balance	\$48,445	\$47,814	\$48,202	\$40,417	\$42,951	\$38,000	\$47,709	\$40,260	\$25,464	\$23,239
Net Adjusted Receipts and (Disbursements)	(632)	388	(7,785)	2,534	(4,951)	9,709	(7,450)	(14,796)	(2,225)	7,261
Ending Cash Balance	\$47,814	\$48,202	\$40,417	\$42,951	\$38,000	\$47,709	\$40,260	\$25,464	\$23,239	\$30,500
Total Accrued Disbursement Cushion	\$63,540									