

☒ 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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

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| OMB APPROVAL                                 |           |
| OMB Number:                                  | 3235-0287 |
| Estimated average burden hours per response: | 0.5       |

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|--|--|---|
| 1. Name and Address of Reporting Person*<br><u>TIMON PHILIP C</u><br><br>(Last) (First) (Middle)<br><u>1105 NORTH MARKET STREET</u><br><u>15TH FLOOR</u><br><br>(Street)<br><u>WILMINGTON DE 19801</u><br><br>(City) (State) (Zip) | 2. Issuer Name <b>and</b> Ticker or Trading Symbol<br><u>NAUTILUS, INC.</u> [ <u>NLS</u> ] | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director 10% Owner<br>Officer (give title below) <input checked="" type="checkbox"/> Other (specify below)<br><br><b>Former 10% Owner</b> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>02/01/2006</u>                      |   |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)<br><u>02/03/2006</u>              | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><br>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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price |   |  |   |

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) |                            | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--|-----------------|---|----------------------------|--|--|---|--|
|  |  |                                      |  | Code                           | V |  | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |  |  |   |  |
| NLS+GC (call)                              | \$15   | 02/01/2006                           |  | S                              |   | 4,000  | 01/19/2006   | 07/01/2006      | NLS   | 400,000                    | \$2.5959                                   | 3,843,829  | I   | By limited partnership <sup>(1)(2)(3)(4)</sup>         |
| NLS+GC (call)                              | \$15   | 02/02/2006                           |  | S                              |   | 1,500  | 01/19/2006   | 07/01/2006      | NLS   | 150,000                    | \$2.45                                     | 3,693,829  | I   | By limited partnership <sup>(1)(2)(3)(4)</sup>         |
| OND+AC (call)                              | \$15   | 02/02/2006                           |  | S                              |   | 5,000  | 01/19/2006   | 01/01/2006      | NLS   | 500,000                    | \$3.04                                     | 3,193,829  | I   | By limited partnership <sup>(1)(2)(3)(4)</sup>         |

Explanation of Responses:

1. After the transactions set forth in Table II of this Form 4, Endowment Capital, L.P., and Long Drive, L.P., each a Delaware limited partnership (collectively, the "Limited Partnerships"), own in the aggregate 2,143,829 shares of the Common Stock, no par value per share (the "Shares"), of Nautilus, Inc., a Washington corporation (the "Company") as of February 2, 2006 (the "Reporting Date"). In addition, the Limited Partnerships own, in the aggregate, various derivative securities (calls) that give the Limited Partnerships the right to acquire 1,050,000 Shares (together with the Shares, the "Securities"). Endowment Capital Group, LLC, a Delaware limited liability company ("Endowment LLC"), is the sole general partner of each of the Limited Partnerships. Mr. Philip C. Timon is the sole managing member of Endowment LLC. As a result, Mr. Timon possessed the sole power to vote and the sole power to direct the disposition of the Securities held by the Limited Partnerships.
2. Thus, as of the Reporting Date, for the purposes of Reg. Section 240.13d-3, Mr. Timon is deemed to beneficially own 3,193,829 Shares, or approximately 9.6% of the Shares deemed issued and outstanding as of the Reporting Date. Mr. Timon's interest in the Securities is limited to his pecuniary interest, if any, in the Limited Partnerships. This Form 4 does not represent a new purchase or sale of Securities but merely reflects a change in the reporting structure in that only Mr. Timon is the reporting person with respect to the Securities held by the Limited Partnerships as of the Reporting Date.
3. In any event, as a result of the transactions set forth in Table II of this Form 4, Mr. Timon ceased to beneficially own, as of the Reporting Date, more than ten percent (10%) of any class of any equity security, or securities convertible into such equity securities, of the Company. Accordingly, for the purposes of Section 16 of the Securities Exchange Act of 1934, as amended, Mr. Timon ceased to be a reporting person.
4. This transaction was previously reported on a Form 4 filed with the SEC on February 3, 2006.

/s/ Philip C. Timon, in his capacity as sole managing member of Endowment Capital Group, LLC, the sole general partner of Endowment Capital, L.P. and Long Drive, L.P.

01/04/2007

\*\* Signature of Reporting Person Date

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

\* 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).

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.