

LIMITED SUBSIDIARY GUARANTY

LIMITED SUBSIDIARY GUARANTY, dated as of June 27, 2007 (this “Guaranty”), is made by the subsidiary guarantors listed on Schedule 1 hereto and such additional subsidiary guarantors as may become parties to this Guaranty subsequent to the date hereof pursuant to a joinder hereto (each a “Subsidiary Guarantor,” and collectively, the “Subsidiary Guarantors”), in favor of the Backstop Providers (the “Backstop Providers”) under and as defined in the Subscription and Backstop Purchase Agreement (as defined below).

WHEREAS, Bally Total Fitness Holding Corporation, a Delaware corporation (the “Company”), the Subsidiary Guarantors and the Backstop Providers are parties to the Subscription and Backstop Purchase Agreement, dated June 27, 2007 (the “Subscription and Backstop Purchase Agreement”);

WHEREAS, the Subscription and Backstop Purchase Agreement provides, in part, that the Company and the Subsidiary Guarantors shall (i) pay each Backstop Provider its Backstop Commitment Fee pursuant to Section 2.3(c) of the Subscription and Backstop Purchase Agreement (the “Backstop Commitment Fee Obligations”) and (ii) indemnify the Backstop Providers pursuant to Section 5.8 of the Subscription and Backstop Purchase Agreement (the “Indemnification Obligations” and, collectively with the Backstop Commitment Fee Obligations, the “Obligations”), each in consideration for the obligations of the Backstop Providers thereunder;

WHEREAS, the Subsidiary Guarantors have agreed to guaranty the payment obligations of the Company in respect of the Obligations.

NOW, THEREFORE, in consideration of the premises and in order to induce the Backstop Providers to perform their obligations under the Subscription and Backstop Purchase Agreement, the Subsidiary Guarantors hereby agree with the Backstop Providers, for the benefit of the Backstop Providers:

1.1. Defined Terms.

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Subscription and Backstop Purchase Agreement.

2.1. Guaranty of Payment.

(a) Each Subsidiary Guarantor hereby unconditionally guaranties, jointly and severally, the full and prompt payment to the Backstop Providers when due, upon demand, of any and all of the Obligations.

(b) Each Subsidiary Guarantor acknowledges that valuable consideration supports this Guaranty, including, without limitation, the consideration set forth in the recitals above.

(c) Each Subsidiary Guarantor agrees that all payments under this Guaranty shall be made in United States currency in the same manner as provided for the Obligations.

3.1. Nature of Guaranty: Continuing, Absolute and Unconditional.

(a) This Guaranty is and is intended to be a continuing guaranty of payment of the Obligations, independent of and in addition to any other guaranty, endorsement, collateral or other agreement held by the Backstop Providers therefor or with respect thereto, whether or not furnished by any Subsidiary Guarantor. Each Subsidiary Guarantor shall have no right of subrogation with respect to the Obligations or any payments made by the Subsidiary Guarantor hereunder and hereby waives any right to enforce any remedy which the Backstop Providers now have or may hereafter have against the Company or any endorser or any other Subsidiary Guarantor of all or any part of the Obligations. Each Subsidiary Guarantor agrees that it will not take any action to enforce any obligations of Company to any Subsidiary Guarantor prior to the Obligations being paid in full in cash; *provided*, that in the event of the bankruptcy or insolvency of the Company, the Backstop Providers shall be entitled to file in the name of any Subsidiary Guarantor or in its own name a claim for any and all indebtedness owing to such Subsidiary Guarantor by the Company (exclusive of this Guaranty), to vote such claim and to apply the proceeds of any such claim to the Obligations.

(b) This Guaranty is absolute and unconditional and shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. This Guaranty is intended by the Subsidiary Guarantors to be the final, complete and exclusive expression of the guaranty agreement between the Subsidiary Guarantors and the Backstop Providers. No modification or amendment of any provision of this Guaranty shall be effective unless in writing and signed by a duly authorized officer of the Backstop Providers and by the Subsidiary Guarantors affected thereby.

(c) Until final payment and performance in full of the Obligations, each Subsidiary Guarantor hereby releases the Company from all, and agrees not to assert or enforce (whether by or in a legal or equitable proceeding or otherwise) any, "claims" (as defined in Section 101 of the United States Bankruptcy Code, as amended (the "Bankruptcy Code")), whether arising under any law, ordinance, rule, regulation, order, policy or other requirement of any domestic or foreign government, or any instrumentality or agency thereof, having jurisdiction over the conduct of its business or assets or otherwise, to which such Subsidiary Guarantor is or would at any time be entitled by virtue of its obligations hereunder or any payment made pursuant hereto, including any such claims to which such Subsidiary Guarantor may be entitled as a result of any right of subrogation, exoneration or reimbursement.

4.1. Certain Rights and Obligations.

(a) If any default shall be made in the payment of any of the Obligations and any grace period has expired with respect thereto as provided in the Subscription and Backstop Purchase Agreement, each Subsidiary Guarantor hereby agrees to pay the same in full to the extent hereinafter provided:

(i) without deduction by reason of any setoff, defense (other than payment) or counterclaim of the Company;

(ii) without requiring presentment, protest or notice of nonpayment or notice of default to any Subsidiary Guarantor, to the Company or to any other Person;

(iii) without demand for payment or proof of such demand or filing of claims with a court in the event of receivership, bankruptcy or reorganization of the Company;

(iv) without requiring the Backstop Providers to resort first to the Company (this being a guaranty of payment and not of collection) or to any other guaranty or any collateral which the Backstop Providers may hold;

(v) without requiring notice of acceptance hereof or assent hereto by the Backstop Providers; and

(vi) without requiring notice that any of the Obligations have been incurred, extended or continued or of the reliance by the Backstop Providers upon this Guaranty;

all of the foregoing which each Subsidiary Guarantor hereby waives.

(b) To the extent permitted by applicable law, the obligations of each Subsidiary Guarantor hereunder shall not be affected by any of the following, all of which each Subsidiary Guarantor hereby waives:

(i) any defense arising by reason of the cessation from any cause whatsoever of liability of the Company including, without limitation, any failure, negligence or omission by the Backstop Providers in enforcing its claims against the Company;

(ii) any release, settlement or compromise of any obligation of the Company;

(iii) the invalidity or unenforceability of any of the Obligations;

(iv) any change of ownership of the Company or the insolvency, bankruptcy or any other change in the legal status of the Company;

(v) any change in, or the imposition of, any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Obligations;

(vi) the existence of any claim, setoff or other right which any Subsidiary Guarantor may have at any time against the Backstop Providers or the Company in connection herewith or any other transaction, related or unrelated; or

(vii) any other fact or circumstance which might otherwise constitute grounds at law or equity for the discharge or release of any Subsidiary Guarantor from its obligations hereunder (other than termination of this Guaranty in accordance with Section 5.1 hereof), all whether or not any Subsidiary Guarantor shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (i) through (vi) of this Section 4.1(b).

5.1. Termination.

This Guaranty shall remain in full force and effect until the date on which all of the Obligations have been finally and irrevocably paid in full in cash and the commitments of the Backstop Providers under the Subscription and Backstop Purchase Agreement shall have been terminated. Thereafter, but subject to the following, the Backstop Providers shall take such action and execute such documents as the Subsidiary Guarantors may request (and at the Subsidiary Guarantors' joint and several cost and expense) in order to evidence the termination of this Guaranty. Payment of all of the Obligations from time to time shall not operate as a discontinuance of this Guaranty. Each Subsidiary Guarantor further agrees that, to the extent that any Backstop Provider is required by any court or otherwise to return to the Company, any Subsidiary Guarantor, or any custodian, trustee, liquidator, or other similar official acting in relation to the Company or any Subsidiary Guarantor, any amount paid by the Company or any Subsidiary Guarantor to such Backstop Provider, this Guaranty, to the extent theretofore discharged, reduced, or satisfied, shall be reinstated and continued in full force and effect as of the date when such initial payment, reduction or satisfaction occurred, and this Guaranty shall continue in full force notwithstanding any contrary action which may have been taken by the Backstop Providers in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Backstop Providers' rights under this Guaranty and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

6.1. Miscellaneous.

(a) The terms "Company" and "Subsidiary Guarantor" as used in this Guaranty shall include: (i) any successor individual or individuals, association, partnership or corporation to which all or substantially all of the business or assets of the Company or any Subsidiary Guarantor, respectively, shall have been transferred; and (ii) any other corporation or other entity into or with which the Company or any Subsidiary Guarantor, as appropriate, shall have been merged, consolidated, reorganized or absorbed.

(b) No course of dealing between the Company or any Subsidiary Guarantor and the Backstop Providers and no act, delay or omission by the Backstop Providers in exercising any right or remedy hereunder or with respect to any of the Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Backstop Providers may remedy any default by the Company under any agreement with the Company or with respect to any of the Obligations in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Company. All rights and remedies of the Backstop Providers hereunder are cumulative.

(c) This Agreement shall inure to the benefit of the Backstop Providers and its successors and assigns under the Subscription and Backstop Purchase Agreement.

(d) If any provision of this Guaranty is unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective.

(e) **This Guaranty will be governed by and construed in accordance with the laws of the State of New York without regard to any choice of law or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.** Each Subsidiary Guarantor hereby irrevocably submits, for itself and its property, to the exclusive jurisdiction of the United States Bankruptcy Court for the Southern District of New York, for purposes of all legal proceedings arising out of or relating to this Guaranty or the transactions contemplated hereby. Each party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed and delivered by its duly authorized officer on the date first above written.

THE GUARANTORS, named on Schedule 1 hereto

By: /s/ _____
Name:
Title:

ACKNOWLEDGED, this 27th day of June, 2007, by the Backstop Providers.

[SIGNATURE PAGES FOLLOW]

ANSCHUTZ INVESTMENT COMPANY

By: /s/ _____

Name:

Title:

GOLDMAN, SACHS & CO.

By: /s/ _____
Name:
Title:

SPECIAL VALUE OPPORTUNITIES FUND,
LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/
Name: Howard M. Levkowitz
Title: Managing Partner

SPECIAL VALUE EXPANSION FUND, LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ _____
Name: Howard M. Levkowitz
Title: Managing Partner

SPECIAL VALUE CONTINUATION PARTIES,
LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ _____
Name: Howard M. Levkowitz
Title: Managing Partner

TENNENBAUM OPPORTUNITIES PARTNERS
V, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/
Name: Howard M. Levkowitz
Title: Managing Partner

SCHEDULE 1

SUBSIDIARY GUARANTORS

BALLY FITNESS FRANCHISING, INC.
BALLY FRANCHISE RSC, INC.
BALLY FRANCHISING HOLDINGS, INC.
BALLY TOTAL FITNESS CORPORATION
BALLY TOTAL FITNESS HOLDING CORPORATION
BALLY TOTAL FITNESS INTERNATIONAL, INC.
BALLY TOTAL FITNESS OF MISSOURI, INC.
BALLY TOTAL FITNESS OF TOLEDO, INC.
BALLY REFS WEST HARTFORD, LLC
BALLY TOTAL FITNESS OF CONNECTICUT COAST, INC.
BALLY TOTAL FITNESS OF CONNECTICUT VALLEY, INC.
GREATER PHILLY NO. 1 HOLDING COMPANY
GREATER PHILLY NO. 2 HOLDING COMPANY
HEALTH & TENNIS CORPORATION OF NEW YORK
HOLIDAY HEALTH CLUBS OF THE EAST COAST, INC.
BALLY TOTAL FITNESS OF UPSTATE NEW YORK, INC.
BALLY TOTAL FITNESS OF COLORADO, INC.
BALLY TOTAL FITNESS OF THE SOUTHEAST, INC.
HOLIDAY/ SOUTHEAST HOLDING CORP.
BALLY TOTAL FITNESS OF CALIFORNIA, INC.
BALLY TOTAL FITNESS OF THE MID-ATLANTIC, INC.
BTF/CFI, INC.
BALLY TOTAL FITNESS OF GREATER NEW YORK, INC.
JACK LA LANNE HOLDING CORP.
BALLY SPORTS CLUBS, INC.
NEW FITNESS HOLDING CO., INC.
NYCON HOLDING CO., INC.
BALLY TOTAL FITNESS OF PHILADELPHIA, INC.
BALLY TOTAL FITNESS OF RHODE ISLAND, INC.
RHODE ISLAND HOLDING COMPANY
BALLY TOTAL FITNESS OF THE MIDWEST, INC.
BALLY TOTAL FITNESS OF MINNESOTA, INC.
TIDELANDS HOLIDAY HEALTH CLUBS, INC.
U.S. HEALTH, INC.
BALLY TOTAL FITNESS FRANCHISING, INC.