

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported) February 12, 2002

Health & Nutrition Systems International, Inc.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation)

0-29245

(Commission File Number)

65-0452156

(IRS Employer Identification No.)

3750 Investment Lane, Suite 5, West Palm Beach, Florida 33407

(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code (561) 863-8446

N/A

(Former name or former address, if changed since last report)

Item 5. Other Events

Health and Nutrition Systems International, Inc. executed a new employment agreement with Chris Tisi, its President and Chief Executive Officer. The agreement has a two-year term and replaces Mr. Tisi's prior agreement with HNS which expired in January 2002. The agreement provides for a base salary of \$140,000 (\$18,750 of which will be used by Mr. Tisi to pay certain amounts owing to third parties in connection with the settlement of litigation) as well as bonuses which are contingent upon increases in revenue over prior periods and net income results. The agreement provides that bonuses will be determined quarterly with 33% of such bonuses to be paid quarterly and the balance to be paid at year-end depending on the maintenance of previously achieved performance levels. The agreement also provides for an annual grant of 50,000 stock options to Mr. Tisi under the Company's stock option plan. The options will have a four year term and will vest on the date of grant. In addition, the agreement provides for the grant to Mr. Tisi of shares of HNS common stock in lieu of paying him accrued but unpaid compensation for the fiscal year ended 2001 in the amount of approximately \$22,500. The number of shares to be issued will be determined based upon an average of the closing bid and asked prices of HNS common stock over the 20 trading days preceding the date of issuance. The agreement also provides for the payment to Mr. Tisi in the event he is terminated after a change of control of an amount equal to the lesser of (i) \$275,000 or (ii) the maximum "golden parachute" payment permitted to be deducted

by HNS under the federal tax law. The employment agreement is filed as Exhibit 10.1 hereto and is incorporated by reference in its entirety herein. Mr. Tisi is also serving as the interim Chairman of the Board of HNS.

In connection with the execution of the employment agreement, HNS also executed an indemnification agreement with Mr. Tisi. The indemnification agreement is filed as Exhibit 10.2 hereto and is incorporated by reference in its entirety herein.

The Company also executed a severance agreement with Steve Pomerantz, the former Chief Executive Officer of HNS. The agreement provides for a severance payment of approximately \$50,000 to be paid over the next year, \$18,750 of which will be used by Mr. Pomerantz to pay certain amounts owing to third parties in connection with the settlement of litigation. In addition, the agreement provides for the grant to Mr. Pomerantz of shares of HNS common stock in lieu of paying him accrued but unpaid compensation for the fiscal year ended 2001 in the amount of approximately \$20,000. The number of shares to be issued will be determined based upon an average of the closing bid and asked prices of HNS common stock over the 20 trading days preceding the date of issuance. Pursuant to the terms of the agreement, Mr. Pomerantz will continue to personally guarantee certain obligations of HNS for a limited period of time. The severance agreement is filed as Exhibit 10.3 hereto and is incorporated by reference in its entirety herein. Mr. Pomerantz will continue to serve on the Board of Directors of HNS.

In connection with the execution of the severance agreement, HNS also executed an indemnification agreement with Mr. Pomerantz. The indemnification agreement is filed as Exhibit 10.4 hereto and is incorporated by reference in its entirety herein.

Item 7. Financial Statements and Exhibits

(c) Exhibits:

- 10.1 Employment Agreement between the Company and Christopher Tisi effective as of January 1, 2002
- 10.2 Indemnification Agreement between the Company and Christopher Tisi effective as of January 2, 2002
- 10.3 Severance Agreement between the Company and Steven Pomerantz effective as of January 1, 2002
- 10.4 Indemnification Agreement between the Company and Steven Pomerantz effective as of January 1, 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HEALTH & NUTRITION SYSTEMS
INTERNATIONAL, INC.

By: /s/Christopher Tisi

Christopher Tisi, President and CEO

Dated: February 13, 2002.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC. ("HNS", "Company" or the "Employer"), a Florida corporation, and CHRIS TISI, an individual (the "Employee").

PREAMBLE

WHEREAS, the Employer desires to retain the Employee; and

WHEREAS, the Employee is willing to enter into the employ of the Employer, subject to the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereby exchanged, as well as of the sum of Ten and No/100 (\$10.00) Dollars and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Employer and the Employee (collectively hereinafter referred to as the "Parties"), intending to be legally bound, hereby agree as follows:

WITNESSETH:

ARTICLE ONE

TERM, RENEWALS, EARLIER TERMINATION

1.1 Term and Renewal.

This Agreement shall be for an initial term of two (2) years, commencing on January 1, 2002, subject to earlier termination as herein provided, and subject to renewal upon mutual consent.

ARTICLE TWO

SCOPE OF EMPLOYMENT

2.1 Retention.

The Employer hereby hires the Employee and the Employee hereby accepts such employment, in accordance with the terms, provisions, and conditions of this Agreement.

2.2 General Description of Duties and Employers Responsibilities.

Employee agrees to devote his time and energies to performance of his duties on behalf of Employer, which duties are the general and customary duties generally associated with the position of Chief Executive Officer (CEO) and President. Employer agrees that it shall take no action that would materially restrict or interfere with the ability of Employee to perform his obligations under this Agreement. This shall not restrict Employee from charitable, civic and other endeavors unrelated to the Company's business. The Employer will not hire any other person to perform any of the functions generally associated with the positions of CEO and President, without the Employee's consent. Any such hiring of additional personnel shall not change the terms of this Agreement, including its compensation provisions.

2.3 Earlier Termination.

Employment of Employee may be terminated as follows:

(1) Mutual written agreement entered into by and between Employer and Employee or;

(2) In the event that, during the term of this Agreement or any renewal or extension thereof, Employee shall become "permanently disabled", as defined below. This option shall be exercised by Employer's notice to Employee no less than sixty (60) days prior to the effective termination date. Permanently Disabled shall mean that during any twelve (12) month period during this Agreement because of ill health, physical or mental disability, or other causes

beyond the control of Employee, Employee shall have been continuously unable of performing his duties or responsibilities of this Agreement for a period of one hundred twenty (120) consecutive days or if, during any year Employee has been unable to perform his duties for a total period of one-hundred eighty (180) days, whether consecutive or not; provided that any definition of such term contained in the Employer's long term disability policy, as in effect at the time, shall control.

(3) In the event of the death of the Employee during the Term or Renewal Term of the Agreement, the Term shall end, the Employee (or his estate) shall receive all compensation accrued to the date of death, and the Company shall maintain term life insurance with a policy limit of \$500,000 for the Employee's benefit, provided that the Employee qualifies therefor.

(4) For "Cause" as referred herein. In the event of termination for "Cause," the Employee shall only be entitled to receive (i) base salary up to the date of termination and (ii) any bonus determined and payable as of the termination date.

(a) "Cause shall mean (i) committing an act of fraud, or embezzlement against the Company; or conviction of a felony, (ii) committing in any other injurious act or omission wantonly, willfully, recklessly or in a manner which was grossly negligent against the Company, in any such event which is intended to have, and which actually has, a material adverse effect on the Company.

(b) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until the Company's Board of Directors shall resolve that Cause exists, and provided that the Employee shall receive prior notice of such meeting, and an opportunity to be heard by the Board on the issues.

2.4 Termination Other than Cause:

(a) The foregoing notwithstanding, the Company may terminate the Employee's employment for whatever reason it deems appropriate, upon at least 60 days' prior notice to Executive; provided, however, that in such event or if Employee's employment is terminated under Section 2.5 hereof, (i) the Company shall pay a severance to Employee of 1 years' salary and bonus, payable (free and clear of defenses, offsets and counterclaims) at the times and amounts as salary and bonus paid during the term of this Agreement, and (ii) all stock options and similar rights granted to Employee shall immediately vest and become exercisable.

2.5 Constructive Termination of Employment:

(a) a termination by the Company without Cause under Section 2.4 shall be deemed to have occurred, effective upon notice from the Employee to the Company, upon the occurrence of one or more of the following events;

(i) a material breach of the Agreement by the Company, that the Company fails to cure within 30 days after written notice from the Employee; or

(ii) the Company having materially changed the scope and type of duties the Employee is to perform, or assigning the Employee to work outside the Southeast Florida region, in each case unless the Employee specifically consents thereto.

2.6 Termination Following a Change of Control. In the event that the Employer has a Change in Control during the Term, then (a) all of the Employee's stock options shall immediately vest and become exercisable, and (b) in the event that, within 180 days after the Change in Control, the Employer (or its successor) has not reached an agreement regarding the Employee's continuing employment and the Employee's employment terminates for any reason other than "Cause", then the Employee shall be entitled to receive, upon such termination of employment, the LESSER of (i) \$275,000, or (ii) the maximum "golden parachute" payment for which the Employer may receive a deduction (and with respect to which Employee shall not be subject to any excise tax) under Section 280G of the Internal Revenue Code, less \$1. For purposes of this provision, Change in Control means the sale or transfer of 33% or more of the Company's voting stock of any class, or any sale of substantially all of the assets, merger or other corporation reorganization affecting the Company. In the event that the required payment is made to Employee pursuant to this Section 2.6, no payment shall be made to Employee under Section 2.4 hereof.

2.7 Disputes. In the event of a dispute regarding any termination under this paragraph 2, said termination shall not be effective until determined by arbitration as provided below. Both Employer and Employee agree to cooperate with each other and the arbitrators to expedite the determination of this issue.

ARTICLE THREE

COMPENSATION

3.1 Salary. During the term of employment Employee shall receive a base salary of One Hundred Forty Thousand and No/100 (\$140,000.00) Dollars per year paid in Twenty-six (26) equal payments of Five Thousand Three Hundred Eighty Four and 62/100 Dollars paid every two (2) weeks. The parties acknowledge that this Base Salary is subject to reduction, and will be reduced by an amount equal to \$18,750 (in twelve (12) equal monthly installments of \$1,562.50) pursuant to a settlement agreement with, inter alia, Milton Barbarosh, and that the base salary shall increase when the period of this reduction has expired. In the event that any compensation owed to Employee (whether base salary or bonus, or otherwise) is not paid when due, then the amount so due and unpaid shall be a debt obligation of the Employer to the Employee, due on demand (or upon any termination of employment) and bearing interest at 8% per annum. The Employee is owed back salary and bonus aggregating to \$32,578, and in respect thereof (a) the Employee shall receive \$22,578 in restricted (Rule 144) common stock of the Company which shall be issued using a price determined by the average of the closing bid and asked prices over the 20 trading days preceding the issuance of such stock, and execute an appropriate investment letter with respect thereto, and (b) the Company will pay the \$10,000 balance owing in cash in six monthly installments. The Employer's Compensation or Stock Option Committee may, from time to time, offer to pay accrued compensation (and interest) in restricted stock of the Company (eligible for resale under Rule 144 of the SEC) in lieu of cash, and the Employee may request such Committee to consider such a proposal. The Committee shall respond to such a request within 20 days after the Employee communicates it to the Committee. Any such arrangement shall be concluded on terms (including a stock price that reflects the restricted nature of the Company's securities to be issued) that are acceptable to both sides at the time. On each annual anniversary date of the commencement of this Agreement, Employee's base annual salary shall be increased at least 5% (if the Company has not achieved positive Net Income (as defined below) in the immediately preceding fiscal year, or at least 10% if the Company has so achieved positive Net Income (provided that the Board, in its discretion, can grant a higher salary increase in any event) and payments to Employee shall continue in 26 equal payments as set forth herein except said payments shall be increased to reflect the increase in compensation to Employee. As used in this Agreement, Net Income for any fiscal period shall mean the Company's pre-tax net income, as reported in its SEC filings for such fiscal period.

3.2 Expenses and Bonus.

a) Employee shall be entitled to receive payment and/or reimbursement for expenses incurred that are of a business nature or that relates to a business nature. The Company shall pay the Employee a \$500 month expense allowance toward his auto expense, which the parties agree is exclusively a payment in respect of the business use of such automobile.

b) Employee shall be provided with Company credit cards for business travel and entertainment.

c) Employee shall in addition to salary and expenses be entitled to pay- ment of bonus compensation as provided herein. The bonus shall be determined by calculating the sum of (i) 5% of the increase, if any, in (A) for the first fiscal quarter of a calendar year, the Employer's "Revenues" reported in the Employer's SEC filing for such first fiscal quarter over the Employer's Revenues reported in its SEC filings for the first quarter of the prior fiscal year; or (B) for any quarter other than the first fiscal quarter, the Employer's year-to-date "Revenues" reported in the Employer's SEC filings for each of the second, third and fourth fiscal quarters over the Employer's Revenues reported in its SEC filings for the corresponding year-to-date period of the prior fiscal year, plus (ii) 10% of the Employer's first quarter, or for quarters ended after the first quarter of a fiscal year, year-to-date, Net Income (as defined above) based on the financial information reported in the Employer's SEC filings; provided, however, (i) one-third of any bonus calculated for a period shall be paid when the Company files its 10-Q (or 10-QSB) report for such period; and (ii) the remaining two-thirds of any bonus shall be accrued until the completion of the next fiscal quarter (and the filing of the corresponding 10-Q (or 10-QSB) report, at which time, the bonus shall be recalculated based upon the cumulative results of such fiscal quarters taken together when compared to the cumulative results of the same fiscal quarters taken together from the preceding fiscal year. Upon completion of such cumulative calculation, one-third of the amount so determined shall be paid to Employee. After the filing of the 10-K (or 10-KSB) report, Employer shall pay the full bonus for the final yearly period as calculated above minus bonus amounts previously paid to Employee for prior periods. The examples set forth in Schedule A hereto illustrate the foregoing bonus calculation.

Bonus compensation that is not paid when due shall become interest bearing debt, and may be exchanged for restricted stock by agreement of the Employee and the Stock Option or Compensation Committee, all as provided for base annual salary, above.

3.3 Employee shall be entitled to all benefits available to members of management, including, but not limited to health insurance, for Employee and Employee's family, life and/or disability insurance, sick pay, vacation pay, etc. Employee shall be entitled to a paid vacation of 3 weeks during the first year of this contract and four weeks thereafter. Employee has the option of not taking a vacation, however, Employee shall, in said event, be entitled to vacation pay for said period in addition to other compensation paid to Employee under this Agreement.

3.4 Stock Options Employee shall be entitled to an annual award of stock options under the Company's 1998 Stock Option Plan, and all successor or replacement stock plans of the Company. These options shall be granted and vest at the rate of 50,000 options per year. The options shall have a four year term from the date the stock option agreement is delivered to the Employee. The first 50,000 stock options shall be granted upon execution of this Agreement, and a like amount on each anniversary of the date hereof. All options shall be fully vested upon grant, and exercisable to purchase Common Stock at the fair market value thereof on the date of grant.

ARTICLE FOUR

INDEMNIFICATION

4.1 Indemnification.

Employer shall indemnify Employee against liabilities and expenses, to the full extent allowed by law, and insure such liability with directors and officers insurance, as provided in a separate agreement.

ARTICLE FIVE

CONFIDENTIALITY AND NON COMPETITION

5.1 Confidentiality The Employee acknowledges that, in and as a result of his employment hereunder, he will be developing for the Employer, making use of, acquiring and/or adding to, confidential information of special and unique nature and value relating to such matters as the Employer's trade secrets, systems, procedures, manuals, and confidential reports consequently, as material inducement to the entry into this Agreement by the Employer, the Employee hereby covenants and agrees that he shall not, at anytime during or following the terms of his employment hereunder, directly or indirectly, personally use, divulge or disclose, for any purpose whatsoever, any of such confidential information which has been obtained by or disclosed to him as a result of his employment by the Employer, or the Employer's affiliates. In the event of a breach or threatened breach by the Employee of any of the provisions of this Section, the Employer, in addition to and not in limitation of any other rights, remedies or damages available to the Employer, whether at law or in equity, shall be entitled to a permanent injunction in order to prevent or to restrain any such breach by the Employee, or by the Employee's partners, agents, representatives, servants, employees, employees, affiliates and/or any and all persons directly or indirectly acting for or with him.

5.2 Non-Compete In consideration of the Employer's covenants and performance hereunder, the Employee agrees, during the term of this Agreement and for one (1) year after any termination of this Agreement, not to compete against the Employer's Business ("Business" shall mean the wholesale

distribution of dietary supplements and vitamins), by participating as an officer, director, employee or otherwise in the Business operating within Dade, Broward and Palm Beach Counties, Florida (the "Area"). This covenant shall terminate and cease to apply if the Employer fails to pay any compensation or other amounts due to the Employee (including but not limited to any compensation due after a termination of this Agreement), and fails to cure the same within 20 days after the Employee's demand.

ARTICLE SIX

MISCELLANEOUS

6.1 Notices.

All notices, demands or other communications hereunder shall be in writing, and unless otherwise provided, shall be deemed to have been duly given on the first business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

TO EMPLOYER: HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC.
3750 Investment Lane, Bldg. 5
West Palm Beach, FL 33404

TO EMPLOYEE: CHRIS TISI
3750 Investment Lane, Bldg. 5
West Palm Beach, FL 33404

in each case, with a copy to Daniel Lampert, Esq. Berger Singerman, 200 S Biscayne Blvd, Suite 1000, Miami, FL 33131, the Employee's legal counsel; or to such other person as either Party shall designate to the other for such purposes in the manner hereinabove set forth.

6.2 Amendment.

No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of said modification, waiver, amendment, discharge or change is sought.

6.3 Merger.

This instrument contains all of the understandings and agreements of the Parties with respect to the subject matter discussed herein. All prior agreements whether written or oral are merged herein and shall be of no force or effect.

6.4 Survival.

The several representations, warranties, and covenants of the Parties contained herein shall survive the execution hereof and shall be effective regardless of any investigation that may have been made or may be made by or on behalf of any Party.

6.5 Severability.

If any portion of any provision of this Agreement, or the application of such provision or any portion thereof to any person or circumstance shall be held invalid or unenforceable, the remaining portions of such provision or portion of such provisions of this Agreement or the application of such provision or portion of such provision as is held invalid or unenforceable to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be effected thereby.

6.6 Governing Law and Venue.

This Agreement shall be construed in accordance with the laws of the State of Florida. Any dispute arising out of or in connection with this Agreement shall be resolved by binding arbitration in in Palm Beach County, Florida, in accordance with the rules of the American Arbitration Association then in effect. At least one of the arbitrators must have had experience serving as the CEO of a publicly traded company. The costs of the arbitration, and the attorneys' fees and other professional fees and costs of the prevailing party, shall be borne by the party that does not prevail in the arbitration.

6.7 Benefit of Agreement.

Only the Employer may assign this Agreement, the Employee's duties being of a personal nature. Subject to the restrictions on transferability and assignment contained herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties, their successors, assigns, personal representative, estate, heirs and legatees.

6.8 Captions.

The captions in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope of this Agreement or the intent of any provisions hereof.

6.9 Number and Gender.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the Party or Parties, or their personal representatives, successors and assigns may require.

6.10 Further Assurances.

The parties hereby agree to do, execute, acknowledge and deliver or cause to be done, executed or acknowledged or delivered and to perform all such acts and deliver all such deeds, assignments, transfers, conveyances, powers of attorney, assurances, stock certificates and other documents, as may, from time to time, be required herein to effect the intent and purposes of this Agreement.

6.11 Status.

Nothing in this Agreement shall constitute a partnership, joint venture, agency, or lessor-lessee relationship; but, rather, the relationship established hereby is that of employer-employee.

6.12 Counterparts.

This Agreement may be executed in any number of counterparts. All executed counterparts shall constitute one Agreement notwithstanding that all signatories are not signatories to the original or the same counterpart. A facsimile execution shall be sufficient and effective as an original.

IN WITNESS THEREOF, the Parties have executed and delivered this Agreement, effective as of the 1st day of January 2002.

Signed, Sealed & Delivered
In Our Presence

/s/ Steven Sarafian

(CORPORATE SEAL)

EMPLOYER:
HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC.

By: /s/ Steven Pomerantz

Attest: /s/ Mona Lalla

EMPLOYEE:

By: /s/ Chris Tisi

CHRIS TISI

SCHEDULE A

Example 1:

Revenues (hypothetical):

Q1 2001	\$1.5 million	Q1 2002	\$2.0 million
Q2 2001	\$1.5 million	Q2 2002	\$2.0 million
Q3 2001	\$2.0 million	Q3 2002	\$1.5 million
Q4 2001	\$2.0 million	Q4 2002	\$1.0 million

Q1 2002 Bonus Calculation:

Increase in revenue for Q1 2002 from Q1 2001: \$2.0 million - \$1.5 million = \$500,000
 $\$500,000 \times 5\% = \$25,000$ Bonus Payment for Q1 paid on 5/15/02 (10-Q filing date) = $\$25,000 \times 1/3 = \$8,250$

Q2 2002 Bonus Calculation for six month period ended June 30:

Increase in revenue for period in 2002 over same period in 2001: \$4.0 million - \$3.0 million = \$1,000,000
 $\$1,000,000 \times 5\% = \$50,000$ Bonus Payment for six months ended paid on 8/15/02 (10-Q filing date) = $\$50,000 \times 1/3 = \$16,500$

Q2 2002 Bonus Calculation for nine month period ended September 30:

Increase in revenue for period in 2002 over same period in 2001: \$5.5 million - \$5.0 million = \$500,000
 $\$500,000 \times 5\% = \$25,000$ Bonus Payment for nine months ended paid on 11/15/02 (10-Q filing date) = $\$25,000 \times 1/3 = \$8,250$

Q2 2002 Bonus Calculation for year ended December 31: Increase in revenue for period in 2002 over same period in 2001: \$6.5 million - \$7.0 million = no increased (decrease of \$500,000). Therefore, year-end bonus equals \$0

NET INCOME:

Q1 Net Income: \$250,000 - bonus calculation is \$25,000 times 1/3 equals bonus payment of \$8,250

Six Months Ended 6/30 Net Income: \$500,000 - bonus calculation is \$50,000 times 1/3 equals bonus payment of \$16,500.

Nine Months Ended 9/30 Net Income: \$750,000 - bonus calculation is \$75,000 times 1/3 equals bonus payment of \$25,000

Year End Net Income: \$800,000 - bonus calculation is \$80,000 minus \$49,750 already paid = \$30,250.

Example 2:

Revenues (hypothetical):

Q1 2001	\$1.5 million	Q1 2002	\$2.0 million
Q2 2001	\$1.5 million	Q2 2002	\$2.0 million
Q3 2001	\$2.0 million	Q3 2002	\$2.5 million
Q4 2001	\$2.0 million	Q4 2002	\$2.5 million

Q1 2002 Bonus Calculation:

Increase in revenue for Q1 2002 from Q1 2001: \$2.0 million - \$1.5 million = \$500,000
 $\$500,000 \times 5\% = \$25,000$ Bonus Payment for Q1 paid on 5/15/02 (10-Q filing date) = $\$25,000 \times 1/3 = \$8,250$

Q2 2002 Bonus Calculation for six month period ended June 30:

Increase in revenue for period in 2002 over same period in 2001: \$4.0 million - \$3.0 million = \$1,000,000
 $\$1,000,000 \times 5\% = \$50,000$ Bonus Payment for six months ended paid on 8/15/02 (10-Q filing date) = $\$50,000 \times 1/3 = \$16,500$

Q2 2002 Bonus Calculation for nine month period ended September 30:

Increase in revenue for period in 2002 over same period in 2001: \$6.5 million - \$5.0 million = \$1,500,000
 $\$1,500,000 \times 5\% = \$75,000$ Bonus Payment for nine months ended paid on 11/15/02 (10-Q filing date) = $\$75,000 \times 1/3 = \$24,750$

Q2 2002 Bonus Calculation for year ended December 31:

Increase in revenue for period in 2002 over same period in 2001: \$9.0 million - \$7.0 million = \$2,000,000
 $\$2,000,000 \times 5\% = \$100,000$ Bonus payment on 4/15 of following year (10-K filing date) = \$100,000 MINUS \$49,500 (total bonus already paid during prior quarters) - \$50,500

Indemnification Agreement

THIS INDEMNIFICATION AGREEMENT ("Agreement"), is made and entered into as of the 1st day of January, 2002, by and between HEALTH AND NUTRITION SYSTEMS, INC. a Florida corporation (the "Company"), and CHRIS TISI, (the "Indemnitee").

Recitals

A. The Company desires to retain the services of the Indemnitee as a Director and Chief Executive Officer of the Company, pursuant to an Employment Agreement of even date herewith.

B. As a condition to the Indemnitee's agreement to enter into the new Employment Agreement, the Indemnitee requires that he be indemnified from liability to the fullest extent permitted by law.

C. The Company is willing to indemnify the Indemnitee to the fullest extent permitted by law in order to retain the services of the Indemnitee.

NOW, THEREFORE, for and in consideration of the mutual premises and covenants contained herein, and other good and valuable considerations, the receipt and adequacy of which are hereby acknowledged, the Company and the Indemnitee intending to be legally bound, agree as follows:

Section 1. Mandatory Indemnification In Proceedings Other Than Those By Or On The Right Of The Company. Subject to Section 4 hereof, the Company shall indemnify and hold harmless the Indemnitee from and against any and all claims, damages, expenses (including attorneys' and other professionals' fees and costs), judgments, settlements, penalties, fines (including excise taxes assessed with respect to an employee benefit plan), amounts paid in settlement and all other liabilities actually and reasonably incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (other than an action by or in the right of the Company) and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 2. Mandatory Indemnification In Proceedings By Or In The Right Of The Company. Subject to Section 4 hereof, the Company shall indemnify and hold harmless the Indemnitee from and against any and all expenses (including attorneys' and other professionals' fees and costs) and amounts paid in settlement actually and reasonably incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding by or in the right of the Company to procure a judgment in its favor, whether civil, criminal, administrative, investigative or otherwise, and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that (i) the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and (ii) no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable to the Company for misconduct in the performance of her

duty to the Company unless and only to the extent that the court in which such action, suit or proceeding was brought (or any other court of competent jurisdiction) shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is

fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Reimbursement Of Expenses Following Adjudication Of Negligence. The Company shall reimburse the Indemnitee for any expenses (including attorneys' and other professionals' fees and costs) and amounts paid in settlement actually and reasonably incurred or paid by him in connection with the investigation, defense, settlement or appeal of any action or suit described in Section 2 hereof that results in an adjudication that the Indemnitee was liable for negligence, gross negligence or recklessness (but not willful misconduct) in the performance of her duty to the Company; provided, however, that the Indemnitee acted in good faith and in a manner he believed to be in the best interests of the Company.

Section 4. Authorization Of Indemnification. Any indemnification under Sections 1 and 2 hereof (unless ordered by a court) and any reimbursement made under Section 3 hereof shall be made by the Company only as authorized in the specific case upon a determination (the "Determination") that indemnification or reimbursement of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, as the case may be. Subject to Sections 5.6, 5.7, 5.8 and 8 of this Agreement, the Determination shall be made in the following order of preference:

(1) first, by the Company's Board of Directors (the "Board") by majority vote or consent of a quorum consisting of directors ("Disinterested Directors") who are not, at the time of the Determination, named parties to such action, suit or proceeding; or

(2) next, if such a quorum of Disinterested Directors cannot be obtained, by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate) consisting solely of two or more Disinterested Directors; or

(3) next, if such a committee cannot be designated, by any independent legal counsel (who may be any outside counsel regularly employed by the Company); or

(4) next, if such legal counsel determination cannot be obtained, by vote or consent of the holders of a majority of the Company's Common Stock that are represented in person or by proxy at a meeting called for such purpose.

4.1 No Presumptions. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

4.2 Benefit Plan Conduct. The Indemnitee's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in and beneficiaries of the plan shall be deemed to be conduct that the Indemnitee reasonably believed to be not opposed to the best interests of the Company.

4.3 Reliance as Safe Harbor. For purposes of any Determination hereunder, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe her conduct was unlawful, if his action is based on (i) the records or books of account of the Company or another enterprise, including financial statements, (ii) information supplied to him by the officers

of the Company or another enterprise in the course of their duties, (iii) the advice of legal counsel for the Company or another enterprise, or (iv) information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this Section 4.3 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnatee is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent. The provisions of this Section 4.3 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in Sections 1, 2 or 3 hereof, as the case may be.

4.4 Success on Merits or Otherwise. Notwithstanding any other provision of this Agreement, to the extent that the Indemnatee has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 1 or 2 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal thereof. For purposes of this Section 4.4, the term "successful on the merits or otherwise" shall include, but not be limited to, (i) any termination, withdrawal, or dismissal (with or without prejudice) of any claim, action, suit or proceeding against the Indemnatee without any express finding of liability or guilt against him, (ii) the expiration of 120 days after the making of any claim or threat of an action, suit or proceeding without the institution of the same and without any promise or payment made to induce a settlement, or (iii) the settlement of any action, suit or proceeding under Section 1, 2 or 3 hereof pursuant to which the Indemnatee pays less than \$50,000.

4.5 Partial Indemnification or Reimbursement. If the Indemnatee is entitled under any provision of this Agreement to indemnification and/or reimbursement by the Company for some or a portion of the claims, damages, expenses (including attorneys' and other professionals' fees and costs) judgments, fines or amounts paid in settlement by the Indemnatee in connection with the investigation, defense, settlement or appeal of any action specified in Section 1, 2 or 3 hereof, but not, however, for the total amount thereof, the Company shall nevertheless indemnify and/or reimburse the Indemnatee for the portion thereof to which the Indemnatee is entitled. The party or parties making the Determination shall determine the portion (if less than all) of such claims, damages, expenses (including attorneys' fees), judgments, fines or amounts paid in settlement for which the Indemnatee is entitled to indemnification and/or reimbursement under this Agreement.

4.6 Limitations on Indemnification. No indemnification pursuant to Sections 1 or 2 hereof shall be paid by the Company if a judgment (after exhaustion of all appeals) or other final adjudication determines that the Indemnatee's actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

(a) a violation of criminal law, unless the Indemnatee had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful;

(b) a transaction from which the Indemnatee derived an improper personal benefit within the meaning of Section 607.0850(7) of the Florida Business Corporation Act;

(c) in the event that the Indemnatee is a director of the Company, a circumstance under which the liability provisions of Section 607.0834 of the Florida Business Corporation Act are applicable; or

(d) willful misconduct or conscious disregard for the best interests of the Company in a proceeding by or in the right of the Company to procure a judgment in its favor or in a proceeding by or in the right of a shareholder of the Company.

Section 5. Procedures For Determination Of Whether Standards Have Been Satisfied.

5.1 Costs. All costs of making the Determination required by Section 4 hereof shall be borne solely by the Company, including, but not limited to, the costs of legal counsel, proxy solicitations and judicial determinations. The Company shall also be solely responsible for paying (i) all reasonable expenses incurred by the Indemnitee to enforce this Agreement, including, but not limited to, the costs incurred by the Indemnitee to obtain court-ordered indemnification pursuant to Section 8 hereof, regardless of the outcome of any such application or proceeding, and (ii) all costs of defending any suits or proceedings challenging payments to the Indemnitee under this Agreement.

5.2 Timing of the Determination. The Company shall use its best efforts to make the Determination contemplated by Section 4 hereof promptly. In addition, the Company agrees:

(a) if the Determination is to be made by the Board or a committee thereof, such Determination shall be made not later than 15 days after a written request for a Determination (a "Request") is delivered to the Company by the Indemnitee;

(b) if the Determination is to be made by independent legal counsel, such Determination shall be made not later than 30 days after a Request is delivered to the Company by the Indemnitee; and

(c) if the Determination is to be made by the shareholders of the Company, such Determination shall be made not later than 90 days after a Request is delivered to the Company by the Indemnitee.

The failure to make a Determination within the above-specified time period shall constitute a Determination approving full indemnification or reimbursement of the Indemnitee. Notwithstanding anything herein to the contrary, a Determination may be made in advance of (i) the Indemnitee's payment (or incurring) of expenses with respect to which indemnification or reimbursement is sought, and/or (ii) final disposition of the action, suit or proceeding with respect to which indemnification or reimbursement is sought.

5.3 Reasonableness of Expenses. The evaluation and finding as to the reasonableness of expenses incurred by the Indemnitee for purposes of this Agreement shall be made (in the following order of preference) within 15 days after the Indemnitee's delivery to the Company of a Request that includes a reasonable accounting of expenses incurred:

(a) first, by the Board by majority vote or consent of a quorum consisting of Disinterested Directors; or

(b) next, if such a quorum cannot be obtained, by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate), consisting solely of two or more Disinterested Directors; or

(c) next, if such a committee cannot be designated, by any independent legal counsel (who may be any outside counsel regularly employed by the Company);

provided, however, that if a determination as to reasonableness of expenses is not made under any of the foregoing subsections (a), (b) and (c), such determination shall be made, not later than 90 days after the Indemnitee's delivery of such Request, by vote or consent of the holders of a majority of the Company's Common Stock that are represented in person or by proxy at a meeting called for such purpose.

All expenses shall be considered reasonable for purposes of this Agreement if the finding contemplated by this Section 5.3 is not made within the prescribed time. The finding required by this Section 5.3 may be made in advance of the payment (or incurring) of the expenses for which indemnification or reimbursement is sought.

5.4 Payment of Indemnified Amount. Immediately following a Determination that the Indemnitee has met the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, as the case may be, and the finding of reasonableness of expenses contemplated by Section 5.3 hereof, or the passage of time prescribed for making such determination(s), the Company shall pay to the Indemnitee in cash the amount to which the Indemnitee is entitled to be indemnified and/or reimbursed, as the case may be, without further authorization or action by the Board; provided, however, that the expenses for which indemnification or reimbursement is sought have actually been incurred by the Indemnitee.

5.5 Shareholder Vote on Determination. Notwithstanding the provisions of Section 607.0850 of the Florida Business Corporation Act, the Indemnitee and any other shareholder who is a party to the proceeding for which indemnification or reimbursement is sought shall be entitled to vote on any Determination to be made by the Company's shareholders, including a Determination made pursuant to Section 5.7 hereof. In addition, in connection with each meeting at which a shareholder Determination will be made, the Company shall solicit proxies that expressly include a proposal to indemnify or reimburse the Indemnitee. Any Company proxy statement relating to a proposal to indemnify or reimburse the Indemnitee shall not include a recommendation against indemnification or reimbursement.

5.6 Selection of Independent Legal Counsel. If the Determination required under Section 4 is to be made by independent legal counsel, the Indemnitee with the approval of the Board, which approval shall not be unreasonably withheld, shall select such counsel. The fees and expenses incurred by counsel in making any Determination (including Determinations pursuant to Section 5.8 hereof) shall be borne solely by the Company regardless of the results of any Determination and, if requested by counsel, the Company shall give such counsel an appropriate written agreement with respect to the payment of their fees and expenses and such other matters as may be reasonably requested by counsel.

5.7 Right of Indemnitee to Appeal an Adverse Determination by Board. If a Determination is made by the Board or a committee thereof that the Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, upon the written request of the Indemnitee and the Indemnitee's delivery of \$500 to the Company, the Company shall cause a new Determination to be made by the Company's shareholders at the next regular or special meeting of shareholders. Subject to Section 8 hereof, such Determination by the Company's shareholders shall be binding and conclusive for all purposes of this Agreement.

5.8 Right of Indemnitee To Select Forum For Determination. If, at any time subsequent to the date of this Agreement, "Continuing Directors" do not constitute a majority of the members of the Board, or there is otherwise a change in control of the Company (as contemplated by Item 403(c) of Regulation S-K), then upon the request of the Indemnitee, the Company shall cause the Determination required by Section 4 hereof to be made by independent legal counsel selected by the Indemnitee and approved by the Board (which approval shall not be unreasonably withheld), which counsel shall be deemed to satisfy the requirements of clause (3) of Section 4 hereof. If none of the legal counsel selected by the Indemnitee are willing and/or able to make the Determination, then the Company shall cause the Determination to be made by a majority vote or consent of a Board committee consisting solely of Continuing Directors. For purposes of this Agreement, a "Continuing Director" means either a member of the Board at the date of this Agreement or a person nominated to serve as a member of the Board by a majority of the then Continuing Directors.

5.9 Access by Indemnitee to Determination. The Company shall afford to the Indemnitee and his representatives ample opportunity to present evidence of the facts upon which the Indemnitee relies for indemnification or reimbursement, together with other information relating to any requested Determination. The Company shall also afford the Indemnitee the reasonable opportunity to include such evidence and information in any Company proxy statement relating to a shareholder Determination.

5.10 Judicial Determinations in Derivative Suits. In each action or suit described in Section 2 hereof, the Company shall cause its counsel to use its best efforts to obtain from the Court in which such action or suit was brought (i) an express adjudication whether the Indemnitee is liable for negligence or misconduct in the performance of her duty to the Company, and, if the Indemnitee is so liable, (ii) a determination whether and to what extent, despite the adjudication of liability but in view of all the circumstances of the case (including this Agreement), the Indemnitee is fairly and reasonably entitled to indemnification.

Section 6. Scope Of Indemnity. The actions, suits and proceedings described in Sections 1 and 2 hereof shall include, for purposes of this Agreement, any actions that involve, directly or indirectly, activities of the Indemnitee both in his official capacities as a Company director or officer and actions taken in another capacity while serving as director or officer, including, but not limited to, actions or proceedings involving (i) compensation paid to the Indemnitee by the Company, (ii) activities by the Indemnitee on behalf of the Company, including actions in which the Indemnitee is plaintiff, (iii) actions alleging a misappropriation of a "corporate opportunity," (iv) responses to a takeover attempt or threatened takeover attempt of the Company, (v) transactions by the Indemnitee in Company securities, and (vi) the Indemnitee's preparation for and appearance (or potential appearance) as a witness in any proceeding relating, directly or indirectly, to the Company. In addition, the Company agrees that, for purposes of this Agreement, all services performed by the Indemnitee on behalf of, in connection with or related to any subsidiary of the Company, any employee benefit plan established for the benefit of employees of the Company or any subsidiary, any corporation or partnership or other entity in which the Company or any subsidiary has a 5% ownership interest, or any other affiliate of the Company, shall be deemed to be at the request of the Company.

Section 7. Advance For Expenses.

7.1 Mandatory Advance. Expenses (including attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other payments) incurred by the Indemnitee in investigating, defending, settling or appealing any action, suit or proceeding described in Section 1 or 2 hereof shall be paid by the Company in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of such expenses to the Indemnitee, but in no event later than 10 days following the Indemnitee's delivery to the Company of a written request for an advance pursuant to this Section 7, together with a reasonable accounting of such expenses.

7.2 Undertaking to Repay. The Indemnitee hereby undertakes and agrees to repay to the Company any advances made pursuant to this Section 7 if and to the extent that it shall ultimately be found that the Indemnitee is not entitled to be indemnified by the Company for such amounts.

7.3 Miscellaneous. The Company shall make the advances contemplated by this Section 7 regardless of the Indemnitee's financial ability to make repayment, and regardless whether indemnification of the Indemnitee by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Section 7 shall be unsecured and interest-free.

Section 8. Court-Ordered Indemnification. Regardless whether the Indemnitee has met the standard of conduct set forth in Sections 1, 2 or 3 hereof, as the case may be, and notwithstanding the presence or absence of any Determination whether such standards have been satisfied, the Indemnitee may apply for indemnification (and/or reimbursement pursuant to Section 3 or 12 hereof) to the court conducting any proceeding to which the Indemnitee is a party or to any other court of competent jurisdiction. On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification (and/or reimbursement) if it determines the Indemnitee is fairly and reasonably entitled to indemnification (and/or reimbursement) in view of all the relevant circumstances (including this Agreement).

Section 9. Nondisclosure of Payments. Except as expressly required by Federal securities laws, neither party shall disclose any payments under this Agreement unless prior approval of the other party is obtained. Any payments to the Indemnitee that must be disclosed shall, unless otherwise required by law,

be described only in Company proxy or information statements relating to special and/or annual meetings of the Company's shareholders, and the Company shall afford the Indemnitee the reasonable opportunity to review all such disclosures and, if requested, to explain in such statement any mitigating circumstances regarding the events reported.

Section 10. Covenant Not To Sue, Limitation Of Actions And Release Of Claims. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company (or any of its subsidiaries) against the Indemnitee, his spouse, heirs, executors, personal representatives or administrators after the expiration of one year following the date the Indemnitee ceases (for any reason) to serve as either an executive officer or director of the Company, and any and all such claims and causes of action of the Company (or any of its subsidiaries) shall be extinguished and deemed released unless asserted by filing of a legal action within such one-year period.

Section 11. Indemnification Of Indemnitee's Estate. Notwithstanding any other provision of this Agreement, and regardless whether indemnification of the Indemnitee would be permitted and/or required under this Agreement, if the Indemnitee is deceased, the Company shall indemnify and hold harmless the Indemnitee's estate, spouse, heirs, administrators, personal representatives and executors (collectively the "Indemnitee's Estate") against, and the Company shall assume, any and all claims, damages, expenses (including attorneys' and other professionals' fees and costs), penalties, judgments, fines and amounts paid in settlement actually incurred by the Indemnitee or the Indemnitee's Estate in connection with the investigation, defense, settlement or appeal of any action described in Section 1 or 2 hereof. Indemnification of the Indemnitee's Estate pursuant to this Section 11 shall be mandatory and not require a Determination or any other finding that the Indemnitee's conduct satisfied a particular standard of conduct.

Section 12. Reimbursement Of All Legal Expenses. Notwithstanding any other provision of this Agreement, and regardless of the presence or absence of any Determination, the Company promptly (but not later than 30 days following the Indemnitee's submission of a reasonable accounting) shall reimburse the Indemnitee for all attorneys' fees and related court costs and other expenses incurred by the Indemnitee (but not for judgments, penalties, fines or amounts paid in settlement) in connection with the investigation, defense, settlement or appeal of any action described in Section 1 or 2 hereof (including, but not limited to, the matters specified in Section 6 hereof).

Section 13. Miscellaneous.

13.1 Notice Provision. Any notice, payment, demand or communication required or permitted to be delivered or given by the provisions of this Agreement shall be deemed to have been effectively delivered or given and received on the date personally delivered to the respective party to whom it is directed, or when deposited by registered or certified mail, with postage and charges prepaid and addressed to the parties at the respective addresses set forth below opposite their signatures to this Agreement, or to such other address as to which notice is given.

13.2 Entire Agreement. Except for the Company's Certificate of Incorporation, this Agreement constitutes the entire understanding of the parties and supersedes all prior understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

13.3 Severability of Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each such illegal, invalid, or unenforceable provision there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid, and enforceable.

13.4 Applicable Law. This Agreement shall be governed by and construed under the laws of the State of Florida.

13.5 Execution in Counterparts. This Agreement and any amendment may be executed simultaneously or in two or more counterparts, each of which together shall constitute one and the same instrument.

13.6 Cooperation and Intent. The Company shall cooperate in good faith with the Indemnitee and use its best efforts to ensure that the Indemnitee is indemnified and/or reimbursed for liabilities described herein to the fullest extent permitted by law.

13.7 Amendment. No amendment, modification or alteration of the terms of this Agreement shall be binding unless in writing, dated subsequent to the date of this Agreement, and executed by the parties.

13.8 Binding Effect. The obligations of the Company to the Indemnitee hereunder shall survive and continue as to the Indemnitee even if the Indemnitee ceases to be a director, officer, employee and/or agent of the Company. Each and all of the covenants, terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors to the Company and, upon the death of the Indemnitee, to the benefit of the estate, heirs, executors, administrators and personal representatives of the Indemnitee.

13.9 Gender and Number. Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural and all plural words shall include the singular.

13.10 Nonexclusivity. The rights of indemnification and reimbursement provided in this Agreement shall be in addition to any rights to which the Indemnitee may otherwise be entitled by statute, bylaw, agreement, vote of shareholders or otherwise.

13.11 Effective Date. The provisions of this Agreement shall cover claims, actions, suits and proceedings whether now pending or hereafter commenced and shall be retroactive to cover acts or omissions or alleged acts or omissions which heretofore have taken place.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ADDRESS:
- - - - -

3750 Investment Lane, #5
West Palm Beach, FL 33404

THE COMPANY:
- - - - -

HEALTH AND NUTRITION SYSTEMS, INC.

By:/s/ Steven Pomerantz
- - - - -

THE INDEMNITEE:
- - - - -

ADDRESS:
- - - - -

3750 Investment Lane, #5
West Palm Beach, FL 33404

/s/ Christopher Tisi
- - - - -
CHRIS TISI

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is entered into by and between HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC., a Florida Company ("HNS", or the "COMPANY") and STEVEN POMERANTZ, an individual ("Pomerantz").

PREAMBLE

WHEREAS, Pomerantz has served as an executive officer for HNS; and

WHEREAS, Pomerantz and HNS desire that Pomerantz cease serving as an executive officer of HNS; and

WHEREAS, HNS and Pomerantz agree to the following terms relating to Pomerantz' cessation of service as an officer of HNS;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereby exchanged, as well as of the sum of Ten and No/100 (\$10.00) Dollars and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, HNS and Pomerantz (collectively hereinafter referred to as the "Parties"), intending to be legally bound, hereby agree as follows:

WITNESSETH:

ARTICLE ONE

TERM

1.1 This Agreement shall be for a term of one (1) year, commencing on January 1, 2002 (the "Term").

ARTICLE TWO

DEFINITION

2.1 As used herein, "Change of Control" means: (a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 28% (twenty-eight) or more of the then outstanding shares of common stock of the Company; or (b) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; or (c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding common stock immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or

indirectly, more than 75% of, respectively, the then outstanding shares of common stock of the Company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the outstanding common stock; or (d) approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a Company, with respect to which following such sale or other disposition, more than 75% of, respectively, the then outstanding shares of common stock of such Company is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding common stock immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the outstanding common stock.

ARTICLE THREE

SEVERANCE

- 3.1 Pomerantz shall be entitled to the following payments from HNS: Thirty One Thousand, Two Hundred and Fifty Dollars (\$31,250.00), to be paid in twenty-six (26) equal payments of One Thousand, Two Hundred and One Dollars and 93/100 (\$1,201.93) paid every two (2) weeks. The parties acknowledge that these amounts have been reduced by \$18,750 pursuant to a settlement agreement among HNS, Pomerantz, Milton Barbarosh and certain other parties to the litigation.
- 3.2 During the Term, Pomerantz shall be entitled to health insurance which is in effect as of the date hereof, and if the Company is unable to keep such health insurance in effect, Pomerantz shall be entitled to insurance similar to the insurance in effect as of the date hereof, for himself and his immediate family. During the Term, HNS agrees to give Pomerantz thirty (30) days' written notice in the event that HNS' director and officers insurance is terminated or modified.
- 3.3 The parties hereto acknowledge and agree that Pomerantz is owed back salary and bonus for fiscal year ended 2001 aggregating \$23,443 and in respect thereof (a) the Company shall pay to Pomerantz \$3,443 in cash within 30 days of the date hereof; and (b) the Company shall issue to Pomerantz a number of shares of Company Common Stock (restricted under Rule 144) determined by dividing \$20,000 by the "Market Value" of such shares. For purposes of this Section 3.3, "Market Value" shall mean the average of the bid and asked prices for the Common Stock over the 20 trading days immediately preceding the date hereof.

ARTICLE FOUR

PERSONAL GUARANTY OF COMPANY DEBT

- 4.1 The parties acknowledge that Pomerantz has signed a personal guaranty, or other instrument, which personally obligates him for Company debt or obligations as follows:

- (i) a personal guaranty on a lease with Credential Leasing;
- (ii) a personal guaranty on a software and hardware lease with Avanta;
- (iii) a personal guaranty on a Pitney Bowes lease;
- (iv) the Validity Indemnification dated September 6, 2001 with Alliance Financial Capital, Inc. in connection with the Factoring Agreement of even date therewith (the "Validity Indemnification"); and
- (v) a personal guaranty on the SunTrust Loan to HNS with a current principal balance of \$24,000 and the pledge of Pomerantz's personal Certificate of Deposit in the amount of \$25,000 (the "SunTrust Loan").

Collectively, the obligations listed in subsections (i) through (v) are hereinafter referred to as the "Guaranteed Obligations."

4.2 HNS agrees that on the earlier to occur of (i) a Change in Control, or (ii) December 31, 2002, HNS shall within thirty (30) days thereafter, provide substitute collateral for the Guaranteed Obligations to the extent necessary to fully and completely release Pomerantz from any and all personal liability on the Guaranteed Obligations. In the event that HNS is unable to provide substitute collateral within such thirty day period, HNS shall, within thirty (30) days thereafter, repay the Guaranteed Obligations in full. Notwithstanding anything to the contrary contained herein, HNS (i) shall repay in full the outstanding principal and accrued but unpaid interest on the SunTrust Loan no later than the earlier to occur of (i) July 1, 2002 and (ii) a Change of Control; (ii) shall not borrow additional funds or increase the principal amount outstanding under the SunTrust Loan as of the date hereof without the prior written consent of Pomerantz; and (iii) shall cause Pomerantz to be released from the Validity Indemnification no later than sixty (60) days after the date hereof. Pomerantz agrees that he will (i) not take any action which will compromise or call into question the Guaranteed Obligations before a Change of Control or December 31, 2002, whichever occurs first, and (ii) cooperate and do all things necessary to avoid acceleration of, or an event of default under, the SunTrust Loan before July 1, 2002.

ARTICLE FIVE

 MISCELLANEOUS

5.1 Notices. All notices, demands or other communications hereunder shall be in writing, and unless otherwise provided, shall be deemed to have been duly given on the first business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

TO HNS: HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC.
3750 Investment Lane, Bldg. 5
West Palm Beach, FL 33404

WITH A COPY TO: GREENBERG TRAUERIG P.A.
777 South Flagler Drive, Suite 300E
West Palm Beach, FL 33401
Attn: Denise G. Reeder

TO POMERANTZ: STEVEN POMERANTZ

WITH A COPY TO: Mark C. Perry, Esq.
The International Building
2455 East Sunrise Boulevard, Suite 905
Fort Lauderdale, Florida 33304,

or to such other person as either Party shall designate to the other for such purposes in the manner here-in-above set forth.

- 5.2 Amendment. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of said modification, waiver, amendment, discharge or change is sought.
- 5.3 Merger. This instrument contains all of the understandings and agreements of the Parties with respect to the subject matter discussed herein. All prior agreements whether written or oral are merged herein and shall be of no force or effect.
- 5.4 Survival. The several representations, warranties, and covenants of the Parties contained herein shall survive the execution hereof and shall be effective regardless of any investigation that may have been made or may be made by or on behalf of any Party.
- 5.5 Severability. If any portion of any provision of this Agreement, or the application of such provision or any portion thereof to any person or circumstance shall be held invalid or unenforceable, the remaining portions of such provision or portion of such provisions of this Agreement or the application of such provision or portion of such provision as is held invalid or unenforceable to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be effected thereby.
- 5.6 Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of Florida and any proceeding arising between the Parties in any matter pertaining or related to this Agreement shall, to the extent permitted by law, be held in Palm Beach County, Florida.

- 5.7 Litigation. In any action between the Parties to enforce any of the terms of this Agreement or any matter arising from this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees up to and including all negotiations, trials and appeals, whether or not litigation is initiated.
- 5.8 The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties, their successors, assigns, personal representative, estate, heirs and legatees.
- 5.9 Captions. The captions in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope of this Agreement or the intent of any provisions hereof.
- 5.10 Further Assurances. The parties hereby agree to do, execute, acknowledge and deliver or cause to be done, executed or acknowledged or delivered and to perform all such acts and deliver all such deeds, assignments, transfers, conveyances, powers of attorney, assurances, stock certificates and other documents, as may, from time to time, be required herein to effect the intent and purposes of this Agreement.
- 5.11 Counterparts. This Agreement may be executed in any number of counterparts. All executed counterparts shall constitute one Agreement notwithstanding that all signatories are not signatories to the original or the same counterpart.

IN WITNESS THEREOF, the Parties have executed this Agreement, effective as of the 1st day of January 2002.

Signed, Sealed & Delivered
In Our Presence

HEALTH AND NUTRITION SYSTEMS, INC.

/s/ Albert C. Dugan

By: /s/Christopher Tisi

Signature

Albert C. Dugan

Attest: Mona Lalla

Print Name

(CORPORATE SEAL)

By: /s/Steven Pomerantz

STEVEN POMERANTZ

Indemnification Agreement

THIS INDEMNIFICATION AGREEMENT ("Agreement"), is made and entered into as of the 1st day of January, 2002, by and between HEALTH AND NUTRITION SYSTEMS, INC. a Florida corporation (the "Company"), and Steven Pomerantz, (the "Indemnitee").

Recitals

A. The Company desires to retain the services of the Indemnitee as a Director of the Company.

B. As a condition to the Indemnitee's agreement service as a member of the Board of Directors of the Company, the Indemnitee requires that he be indemnified from liability to the fullest extent permitted by law.

C. The Company is willing to indemnify the Indemnitee to the fullest extent permitted by law in order to retain the services of the Indemnitee.

NOW, THEREFORE, for and in consideration of the mutual premises and covenants contained herein, and other good and valuable considerations, the receipt and adequacy of which are hereby acknowledged, the Company and the Indemnitee intending to be legally bound, agree as follows:

Section 1. Mandatory Indemnification In Proceedings Other Than Those By Or On The Right Of The Company. Subject to Section 4 hereof, the Company shall indemnify and hold harmless the Indemnitee from and against any and all claims, damages, expenses (including attorneys' and other professionals' fees and costs), judgments, settlements, penalties, fines (including excise taxes assessed with respect to an employee benefit plan), amounts paid in settlement and all other liabilities actually and reasonably incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (other than an action by or in the right of the Company) and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 2. Mandatory Indemnification In Proceedings By Or In The Right Of The Company. Subject to Section 4 hereof, the Company shall indemnify and hold harmless the Indemnitee from and against any and all expenses (including attorneys' and other professionals' fees and costs) and amounts paid in settlement actually and reasonably incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding by or in the right of the Company to procure a judgment in its favor, whether civil, criminal, administrative, investigative or otherwise, and to which the Indemnitee was or is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an officer, director, shareholder, employee or agent of the Company, or is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by the Indemnitee in any such capacity or capacities, provided that (i) the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and (ii) no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which the Indemnitee shall have been

adjudged to be liable to the Company for misconduct in the performance of her duty to the Company unless and only to the extent that the court in which such action, suit or proceeding was brought (or any other court of competent jurisdiction) shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses which such court

shall deem proper.

Section 3. Reimbursement Of Expenses Following Adjudication Of Negligence. The Company shall reimburse the Indemnitee for any expenses (including attorneys' and other professionals' fees and costs) and amounts paid in settlement actually and reasonably incurred or paid by him in connection with the investigation, defense, settlement or appeal of any action or suit described in Section 2 hereof that results in an adjudication that the Indemnitee was liable for negligence, gross negligence or recklessness (but not willful misconduct) in the performance of her duty to the Company; provided, however, that the Indemnitee acted in good faith and in a manner he believed to be in the best interests of the Company.

Section 4. Authorization Of Indemnification. Any indemnification under Sections 1 and 2 hereof (unless ordered by a court) and any reimbursement made under Section 3 hereof shall be made by the Company only as authorized in the specific case upon a determination (the "Determination") that indemnification or reimbursement of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, as the case may be. Subject to Sections 5.6, 5.7, 5.8 and 8 of this Agreement, the Determination shall be made in the following order of preference:

(1) first, by the Company's Board of Directors (the "Board") by majority vote or consent of a quorum consisting of directors ("Disinterested Directors") who are not, at the time of the Determination, named parties to such action, suit or proceeding; or

(2) next, if such a quorum of Disinterested Directors cannot be obtained, by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate) consisting solely of two or more Disinterested Directors; or

(3) next, if such a committee cannot be designated, by any independent legal counsel (who may be any outside counsel regularly employed by the Company); or

(4) next, if such legal counsel determination cannot be obtained, by vote or consent of the holders of a majority of the Company's Common Stock that are represented in person or by proxy at a meeting called for such purpose.

4.1 No Presumptions. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

4.2 Benefit Plan Conduct. The Indemnitee's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in and beneficiaries of the plan shall be deemed to be conduct that the Indemnitee reasonably believed to be not opposed to the best interests of the Company.

4.3 Reliance as Safe Harbor. For purposes of any Determination hereunder, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe her conduct was unlawful, if his action is based on (i) the records or books of account of the Company or another enterprise, including financial statements, (ii) information supplied to him by the officers of the Company or another enterprise in the course of their duties, (iii) the

advice of legal counsel for the Company or another enterprise, or (iv) information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this Section 4.3 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was serving at the request of the Company as an officer, director, partner, trustee, employee or agent. The provisions of this Section 4.3 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in Sections 1, 2 or 3 hereof, as the case may be.

4.4 Success on Merits or Otherwise. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 1 or 2 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal thereof. For purposes of this Section 4.4, the term "successful on the merits or otherwise" shall include, but not be limited to, (i) any termination, withdrawal, or dismissal (with or without prejudice) of any claim, action, suit or proceeding against the Indemnitee without any express finding of liability or guilt against him, (ii) the expiration of 120 days after the making of any claim or threat of an action, suit or proceeding without the institution of the same and without any promise or payment made to induce a settlement, or (iii) the settlement of any action, suit or proceeding under Section 1, 2 or 3 hereof pursuant to which the Indemnitee pays less than \$50,000.

4.5 Partial Indemnification or Reimbursement. If the Indemnitee is entitled under any provision of this Agreement to indemnification and/or reimbursement by the Company for some or a portion of the claims, damages, expenses (including attorneys' and other professionals' fees and costs) judgments, fines or amounts paid in settlement by the Indemnitee in connection with the investigation, defense, settlement or appeal of any action specified in Section 1, 2 or 3 hereof, but not, however, for the total amount thereof, the Company shall nevertheless indemnify and/or reimburse the Indemnitee for the portion thereof to which the Indemnitee is entitled. The party or parties making the Determination shall determine the portion (if less than all) of such claims, damages, expenses (including attorneys' fees), judgments, fines or amounts paid in settlement for which the Indemnitee is entitled to indemnification and/or reimbursement under this Agreement.

4.6 Limitations on Indemnification. No indemnification pursuant to Sections 1 or 2 hereof shall be paid by the Company if a judgment (after exhaustion of all appeals) or other final adjudication determines that the Indemnitee's actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

(a) a violation of criminal law, unless the Indemnitee had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful;

(b) a transaction from which the Indemnitee derived an improper personal benefit within the meaning of Section 607.0850(7) of the Florida Business Corporation Act;

(c) in the event that the Indemnitee is a director of the Company, a circumstance under which the liability provisions of Section 607.0834 of the Florida Business Corporation Act are applicable; or

(d) willful misconduct or conscious disregard for the best interests of the Company in a proceeding by or in the right of the Company to procure a judgment in its favor or in a proceeding by or in the right of a shareholder of the Company.

Section 5. Procedures For Determination Of Whether Standards Have Been Satisfied.

5.1 Costs. All costs of making the Determination required by Section 4 hereof shall be borne solely by the Company, including, but not limited to, the costs of legal counsel, proxy solicitations and judicial determinations. The Company shall also be solely responsible for paying (i) all reasonable expenses incurred by the Indemnitee to enforce this Agreement, including, but not limited to, the costs incurred by the Indemnitee to obtain court-ordered indemnification pursuant to Section 8 hereof, regardless of the outcome of any such application or proceeding, and (ii) all costs of defending any suits or proceedings challenging payments to the Indemnitee under this Agreement.

5.2 Timing of the Determination. The Company shall use its best efforts to make the Determination contemplated by Section 4 hereof promptly. In addition, the Company agrees:

(a) if the Determination is to be made by the Board or a committee thereof, such Determination shall be made not later than 15 days after a written request for a Determination (a "Request") is delivered to the Company by the Indemnitee;

(b) if the Determination is to be made by independent legal counsel, such Determination shall be made not later than 30 days after a Request is delivered to the Company by the Indemnitee; and

(c) if the Determination is to be made by the shareholders of the Company, such Determination shall be made not later than 90 days after a Request is delivered to the Company by the Indemnitee.

The failure to make a Determination within the above-specified time period shall constitute a Determination approving full indemnification or reimbursement of the Indemnitee. Notwithstanding anything herein to the contrary, a Determination may be made in advance of (i) the Indemnitee's payment (or incurring) of expenses with respect to which indemnification or reimbursement is sought, and/or (ii) final disposition of the action, suit or proceeding with respect to which indemnification or reimbursement is sought.

5.3 Reasonableness of Expenses. The evaluation and finding as to the reasonableness of expenses incurred by the Indemnitee for purposes of this Agreement shall be made (in the following order of preference) within 15 days after the Indemnitee's delivery to the Company of a Request that includes a reasonable accounting of expenses incurred:

(a) first, by the Board by majority vote or consent of a quorum consisting of Disinterested Directors; or

(b) next, if such a quorum cannot be obtained, by majority vote or consent of a committee duly designated by the Board (in which designation all directors, whether or not Disinterested Directors, may participate), consisting solely of two or more Disinterested Directors; or

(c) next, if such a committee cannot be designated, by any independent legal counsel (who may be any outside counsel regularly employed by the Company);

provided, however, that if a determination as to reasonableness of expenses is not made under any of the foregoing subsections (a), (b) and (c), such determination shall be made, not later than 90 days after the Indemnitee's delivery of such Request, by vote or consent of the holders of a majority of the Company's Common Stock that are represented in person or by proxy at a meeting called for such purpose.

All expenses shall be considered reasonable for purposes of this Agreement if the finding contemplated by this Section 5.3 is not made within the prescribed time. The finding required by this Section 5.3 may be made in advance of the payment (or incurring) of the expenses for which indemnification or reimbursement is sought.

5.4 Payment of Indemnified Amount. Immediately following a Determination that the Indemnitee has met the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, as the case may be, and the finding of reasonableness of expenses contemplated by Section 5.3 hereof, or the passage of time prescribed for making such determination(s), the Company shall pay to the Indemnitee in cash the amount to which the Indemnitee is entitled to be indemnified and/or reimbursed, as the case may be, without further authorization or action by the Board; provided, however, that the expenses for which indemnification or reimbursement is sought have actually been incurred by the Indemnitee.

5.5 Shareholder Vote on Determination. Notwithstanding the provisions of Section 607.0850 of the Florida Business Corporation Act, the Indemnitee and any other shareholder who is a party to the proceeding for which indemnification or reimbursement is sought shall be entitled to vote on any Determination to be made by the Company's shareholders, including a Determination made pursuant to Section 5.7 hereof. In addition, in connection with each meeting at which a shareholder Determination will be made, the Company shall solicit proxies that expressly include a proposal to indemnify or reimburse the Indemnitee. Any Company proxy statement relating to a proposal to indemnify or reimburse the Indemnitee shall not include a recommendation against indemnification or reimbursement.

5.6 Selection of Independent Legal Counsel. If the Determination required under Section 4 is to be made by independent legal counsel, the Indemnitee with the approval of the Board, which approval shall not be unreasonably withheld, shall select such counsel. The fees and expenses incurred by counsel in making any Determination (including Determinations pursuant to Section 5.8 hereof) shall be borne solely by the Company regardless of the results of any Determination and, if requested by counsel, the Company shall give such counsel an appropriate written agreement with respect to the payment of their fees and expenses and such other matters as may be reasonably requested by counsel.

5.7 Right of Indemnitee to Appeal an Adverse Determination by Board. If a Determination is made by the Board or a committee thereof that the Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 3 hereof, upon the written request of the Indemnitee and the Indemnitee's delivery of \$500 to the Company, the Company shall cause a new Determination to be made by the Company's shareholders at the next regular or special meeting of shareholders. Subject to Section 8 hereof, such Determination by the Company's shareholders shall be binding and conclusive for all purposes of this Agreement.

5.8 Right of Indemnitee To Select Forum For Determination. If, at any time subsequent to the date of this Agreement, "Continuing Directors" do not constitute a majority of the members of the Board, or there is otherwise a change in control of the Company (as contemplated by Item 403(c) of Regulation S-K), then upon the request of the Indemnitee, the Company shall cause the Determination required by Section 4 hereof to be made by independent legal counsel selected by the Indemnitee and approved by the Board (which approval shall not be unreasonably withheld), which counsel shall be deemed to satisfy the requirements of clause (3) of Section 4 hereof. If none of the legal counsel selected by the Indemnitee are willing and/or able to make the Determination, then the Company shall cause the Determination to be made by a majority vote or consent of a Board committee consisting solely of Continuing Directors. For purposes of this Agreement, a "Continuing Director" means either a member of the Board at the date of this Agreement or a person nominated to serve as a member of the Board by a majority of the then Continuing Directors.

5.9 Access by Indemnitee to Determination. The Company shall afford to the Indemnitee and his representatives ample opportunity to present evidence of the facts upon which the Indemnitee relies for indemnification or reimbursement, together with other information relating to any requested Determination. The Company shall also afford the Indemnitee the reasonable opportunity to include such evidence and information in any Company proxy statement relating to a shareholder Determination.

5.10 Judicial Determinations in Derivative Suits. In each action or suit described in Section 2 hereof, the Company shall cause its counsel to use its best efforts to obtain from the Court in which such action or suit was brought (i) an express adjudication whether the Indemnitee is liable for negligence or misconduct in the performance of her duty to the Company, and, if the Indemnitee is so liable, (ii) a determination whether and to what extent, despite the adjudication of liability but in view of all the circumstances of the case (including this Agreement), the Indemnitee is fairly and reasonably entitled to indemnification.

Section 6. Scope Of Indemnity. The actions, suits and proceedings described in Sections 1 and 2 hereof shall include, for purposes of this Agreement, any actions that involve, directly or indirectly, activities of the Indemnitee both in his official capacities as a Company director or officer and actions taken in another capacity while serving as director or officer, including, but not limited to, actions or proceedings involving (i) compensation paid to the Indemnitee by the Company, (ii) activities by the Indemnitee on behalf of the Company, including actions in which the Indemnitee is plaintiff, (iii) actions alleging a misappropriation of a "corporate opportunity," (iv) responses to a takeover attempt or threatened takeover attempt of the Company, (v) transactions by the Indemnitee in Company securities, and (vi) the Indemnitee's preparation for and appearance (or potential appearance) as a witness in any proceeding relating, directly or indirectly, to the Company. In addition, the Company agrees that, for purposes of this Agreement, all services performed by the Indemnitee on behalf of, in connection with or related to any subsidiary of the Company, any employee benefit plan established for the benefit of employees of the Company or any subsidiary, any corporation or partnership or other entity in which the Company or any subsidiary has a 5% ownership interest, or any other affiliate of the Company, shall be deemed to be at the request of the Company.

Section 7. Advance For Expenses.

7.1 Mandatory Advance. Expenses (including attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other payments) incurred by the Indemnitee in investigating, defending, settling or appealing any action, suit or proceeding described in Section 1 or 2 hereof shall be paid by the Company in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of such expenses to the Indemnitee, but in no event later than 10 days following the Indemnitee's delivery to the Company of a written request for an advance pursuant to this Section 7, together with a reasonable accounting of such expenses.

7.2 Undertaking to Repay. The Indemnitee hereby undertakes and agrees to repay to the Company any advances made pursuant to this Section 7 if and to the extent that it shall ultimately be found that the Indemnitee is not entitled to be indemnified by the Company for such amounts.

7.3 Miscellaneous. The Company shall make the advances contemplated by this Section 7 regardless of the Indemnitee's financial ability to make repayment, and regardless whether indemnification of the Indemnitee by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Section 7 shall be unsecured and interest-free.

Section 8. Court-Ordered Indemnification. Regardless whether the Indemnitee has met the standard of conduct set forth in Sections 1, 2 or 3 hereof, as the case may be, and notwithstanding the presence or absence of any Determination whether such standards have been satisfied, the Indemnitee may apply for indemnification (and/or reimbursement pursuant to Section 3 or 12 hereof) to the court conducting any proceeding to which the Indemnitee is a party or to any other court of competent jurisdiction. On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification (and/or reimbursement) if it determines the Indemnitee is fairly and reasonably entitled to indemnification (and/or reimbursement) in view of all the relevant circumstances (including this Agreement).

Section 9. Nondisclosure of Payments. Except as expressly required by Federal securities laws, neither party shall disclose any payments under this Agreement unless prior approval of the other party is obtained. Any payments to the Indemnitee that must be disclosed shall, unless otherwise required by law, be described only in Company proxy or information statements relating to special

and/or annual meetings of the Company's shareholders, and the Company shall afford the Indemnitee the reasonable opportunity to review all such disclosures and, if requested, to explain in such statement any mitigating circumstances regarding the events reported.

Section 10. Covenant Not To Sue, Limitation Of Actions And Release Of Claims. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company (or any of its subsidiaries) against the Indemnitee, his spouse, heirs, executors, personal representatives or administrators after the expiration of one year following the date the Indemnitee ceases (for any reason) to serve as either an executive officer or director of the Company, and any and all such claims and causes of action of the Company (or any of its subsidiaries) shall be extinguished and deemed released unless asserted by filing of a legal action within such one-year period.

Section 11. Indemnification Of Indemnitee's Estate. Notwithstanding any other provision of this Agreement, and regardless whether indemnification of the Indemnitee would be permitted and/or required under this Agreement, if the Indemnitee is deceased, the Company shall indemnify and hold harmless the Indemnitee's estate, spouse, heirs, administrators, personal representatives and executors (collectively the "Indemnitee's Estate") against, and the Company shall assume, any and all claims, damages, expenses (including attorneys' and other professionals' fees and costs), penalties, judgments, fines and amounts paid in settlement actually incurred by the Indemnitee or the Indemnitee's Estate in connection with the investigation, defense, settlement or appeal of any action described in Section 1 or 2 hereof. Indemnification of the Indemnitee's Estate pursuant to this Section 11 shall be mandatory and not require a Determination or any other finding that the Indemnitee's conduct satisfied a particular standard of conduct.

Section 12. Reimbursement Of All Legal Expenses. Notwithstanding any other provision of this Agreement, and regardless of the presence or absence of any Determination, the Company promptly (but not later than 30 days following the Indemnitee's submission of a reasonable accounting) shall reimburse the Indemnitee for all attorneys' fees and related court costs and other expenses incurred by the Indemnitee (but not for judgments, penalties, fines or amounts paid in settlement) in connection with the investigation, defense, settlement or appeal of any action described in Section 1 or 2 hereof (including, but not limited to, the matters specified in Section 6 hereof).

Section 13. Miscellaneous.

13.1 Notice Provision. Any notice, payment, demand or communication required or permitted to be delivered or given by the provisions of this Agreement shall be deemed to have been effectively delivered or given and received on the date personally delivered to the respective party to whom it is directed, or when deposited by registered or certified mail, with postage and charges prepaid and addressed to the parties at the respective addresses set forth below opposite their signatures to this Agreement, or to such other address as to which notice is given.

13.2 Entire Agreement. Except for the Company's Certificate of Incorporation, this Agreement constitutes the entire understanding of the parties and supersedes all prior understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

13.3 Severability of Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each such illegal, invalid, or unenforceable provision there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid, and enforceable.

13.4 Applicable Law. This Agreement shall be governed by and construed under the laws of the State of Florida.

13.5 Execution in Counterparts. This Agreement and any amendment may be executed simultaneously or in two or more counterparts, each of which together shall constitute one and the same instrument.

13.6 Cooperation and Intent. The Company shall cooperate in good faith with the Indemnitee and use its best efforts to ensure that the Indemnitee is indemnified and/or reimbursed for liabilities described herein to the fullest extent permitted by law.

13.7 Amendment. No amendment, modification or alteration of the terms of this Agreement shall be binding unless in writing, dated subsequent to the date of this Agreement, and executed by the parties.

13.8 Binding Effect. The obligations of the Company to the Indemnitee hereunder shall survive and continue as to the Indemnitee even if the Indemnitee ceases to be a director, officer, employee and/or agent of the Company. Each and all of the covenants, terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors to the Company and, upon the death of the Indemnitee, to the benefit of the estate, heirs, executors, administrators and personal representatives of the Indemnitee.

13.9 Gender and Number. Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural and all plural words shall include the singular.

13.10 Nonexclusivity. The rights of indemnification and reimbursement provided in this Agreement shall be in addition to any rights to which the Indemnitee may otherwise be entitled by statute, bylaw, agreement, vote of shareholders or otherwise.

13.11 Effective Date. The provisions of this Agreement shall cover claims, actions, suits and proceedings whether now pending or hereafter commenced and shall be retroactive to cover acts or omissions or alleged acts or omissions which heretofore have taken place.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ADDRESS:
- - - - -

3750 Investment Lane, #5
West Palm Beach, FL 33404

THE COMPANY:
- - - - -

HEALTH AND NUTRITION SYSTEMS
INTERNATIONAL, INC.

By: /s/Christopher Tisi
- - - - -

ADDRESS:
- - - - -

THE INDEMNITEE:
- - - - -

/s/ Steven Pomerantz
- - - - -