

FORM 10-KSB/A-1

- [X] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2001
- [] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number 0-29245

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
(Name of small business issuer in its charter)

FLORIDA

65-0452156

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

3750 Investment Lane, Suite 5
West Palm Beach, Florida
(Address of principal executive offices)

32904
(Zip Code)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,632,813 shares of common stock were outstanding as of April 26, 2002.

EXPLANATORY NOTE

Pursuant to Rule 12b-15 of the Securities and Exchange Act of 1934, as amended, Health & Nutrition Systems International, Inc. hereby files this Amendment No. 1 on Form 10-K/A to include in Part III, Items 10 - 12, and to amend Item 13, of its Annual Report on Form 10-KSB for the year ending December 31, 2001.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

As of April 26, 2002, our directors and executive officers are:

Name	Age	Position/Office
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Christopher Tisi	32	Interim Chairman of the Board, President and Chief Executive Officer
Ted Alflen	55	Director
Daryl Green	41	Director
Steve Pomerantz	45	Director

The business experience of our executive officer and directors is set forth below:

Christopher Tisi has been our Chief Executive Officer and Interim Chairman of the Board since December 2001. Mr. Tisi has been our President and Secretary since November 2000, and was our Chief Operating Officer from December 1999 until November 2000. From March 1998 until December 1999, Mr. Tisi was our Vice President of Sales and Marketing. From 1994 to March 1998, Mr. Tisi was our Vice President of Training.

Ted Alflen has been one of our directors since October 2000. In March 1991, Mr. Alflen founded TCCD International Inc. and served as President from 1991 to present. TCCD manufactures and markets crystal deodorants. TCCD recently acquired Real Natural Products and the Moistic brand of all natural lip balms. Mr. Alflen has been in sales and marketing for over 29 years.

Darryl Green has been one of our directors since August 10, 2001. Mr. Green has been an independent business consultant in the nutrition industry from June 2001 until present. He was the Vice President of retail sales of General Nutrition Centers from June 1999 until June 2001. He held the position of Vice President of retail operations for the Southeastern United States for GNC from January 1996 until June 1999, and was the Director of Operations for the GNC NY City Designated Market Area from January 1993 until January 1996.

Steve Pomerantz has been one of our directors since 1994. From November 2000 to December 2001, Mr. Pomerantz was our Chairman of the Board and Treasurer, and he held the office of Chief Executive Officer from March 1998 until December 2001. He was our President from March 1998 until November 2000. From 1995 to March 1998, Mr. Pomerantz was our Vice President of Finance and Chief Operating Officer. Presently, Mr. Pomerantz is pursuing his own business interests.

Each director holds his office until the next annual meeting of the shareholders unless he resigns or is removed.

SECTION 16(A) - BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us under Rule 16a-3(e) of the Securities Exchange Act of 1934 during the fiscal year ended December 31, 2001, we are not aware of any person that failed to file on a timely basis, as disclosed in the aforementioned forms, reports required by Section 16(a) of the Exchange Act during the fiscal year ended December 31, 2001, other than an unintentional failure to timely file by our former director, William Husa, one Form 4 reporting one transaction.

ITEM 10. EXECUTIVE COMPENSATION

The following table provides a summary of cash and non-cash compensation for each of the last three fiscal years ended December 1999, 2000 and 2001 received by each of our chief executive officer and our other executive officers whose total annual salary and bonus exceeded \$100,000 during fiscal year 2001, (each a "Named Officer" and collectively the "Named Officers"). No other executive officers were paid salary and bonus compensation by us which exceeded \$100,000 during 2001.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	ALL OTHER COMPENSATION (\$)
		SALARY (\$)(1)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)(2)	SECURITIES UNDERLYING OPTIONS(#)(3)	
Christopher Tisi President, Chief Executive Officer, Secretary and Interim Chairman of the Board(4)	2001	133,281	7,524	-	-	-
	2000	\$100,000	18,169	-	102,000	-
	1999	61,000	4,047	-	-	-
Steve Pomerantz (4)	2001	114,321	3,762	-	-	50,000(5)
	2000	100,000	11,642	-	50,000	-
	1999	13,356	1,022	-	-	-

- (1) Payment of \$23,443 of Steve Pomertanz's 2001 salary and \$32,578 of Chris Tisi's 2001 salary was deferred in 2001 and will be paid during 2002 in twelve equal monthly installments.
- (2) The Named Officers did not receive any other annual compensation not categorized as salary or bonus except for perquisites and other personal benefits which in the aggregate did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus reported for such Named Officer.
- (3) In 2000, Mr. Pomerantz was granted options under our 1998 Stock Option Plan for the purchase of 50,000 shares of common stock. Such options were granted at the then current market value of the shares. The options granted vested immediately on the date of grant. Also in 2000, Mr. Tisi was granted options under our 1998 Stock Option Plan for the purchase of 102,000 shares of common stock. Such options were granted at the then current market value of the shares. The options granted vested immediately on the date of grant.

- (4) Mr. Pomerantz resigned as Chief Executive Officer, Treasurer and Chairman of the Board on December 14, 2001, and Mr. Tisi assumed the position of Chief Executive Officer, Secretary and Interim Chairman of the Board on December 14, 2001. Mr. Tisi has served as President since October 1, 2000.
- (5) Paid to Mr. Pomertanz as severance pursuant to the terms of his Severance Agreement effective as of January 1, 2002, \$18,750 of which is to be paid to third parties in connection with settlement of litigation.

STOCK OPTION GRANTS

No stock options were granted to the Named Officers during fiscal year 2001 under our 1998 Stock Option Plan or otherwise. We do not currently have (and have not previously had) any plan pursuant to which any stock appreciation rights may be granted.

STOCK OPTION EXERCISES AND HOLDINGS

The following table sets forth information relating to the number and value of options held on December 31, 2001 by each of the Named Officers. No options to purchase common stock were exercised by either of our Named Officers during the year ended December 31, 2001.

AGGREGATE OPTION EXERCISES IN FISCAL YEAR ENDED DECEMBER 31, 2001 AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Dec. 31, 2001 (#)		Value of Unexercised In-the-Money Options at Dec. 31, 2001 (\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Christopher Tisi President, Chief Executive Officer, Secretary and Interim Chairman of the Board	-	-	102,000(2)	-	-	-
Steve Pomerantz	-	-	50,000(2)	-	-	-

- (1) The last sales price of our common stock on the NASDAQ National Market System on December 31, 2001, which was \$0.10 per share, and the exercise price of the options of both Mr. Tisi and Mr. Pomerantz are \$0.50 per share. Accordingly, the options are not in-the-money.

- (2) Options granted under our 1998 Stock Option Plan.

COMPENSATION OF DIRECTORS

During 2001, we paid to each of our non-employee directors meeting fees of \$500 for each board meeting they attended and for each committee meeting they attended (if held separately from a board meeting). Pursuant to the terms of our 1998 Stock Option Plan, grants of stock options for the purchase of our common shares may be made to each of our directors. We did not grant any options to our directors during 2001.

EMPLOYMENT AGREEMENTS AND CHANGE-IN-CONTROL ARRANGEMENTS

Effective January 1, 2002, we entered into a new employment agreement with Chris Tisi, our Chief Executive Officer, President, Secretary and Interim Chairman of the Board. The agreement provides for a base salary of \$140,000 (\$18,750 of which will be used 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 under our 1998 Stock Option Plan. The options will have a four-year term and will be vested 100% on the date of grant. The agreement also provides for the payment of an amount equal to the lesser of (i) \$275,000 or (ii) the maximum "golden parachute" payment permitted to be deducted by us under the federal tax law in the event Mr. Tisi is terminated after a change of control. An amendment to the agreement provides that \$32,578 of Mr. Tisi's salary for 2001 which was not paid to him during 2001 will be paid in 2002 in twelve equal monthly installments.

Effective January 1, 2002, we entered into a severance agreement with Steve Pomerantz, our former Chairman of the Board, Chief Executive Officer, and Treasurer. The agreement provides for a severance payment of \$50,000 to be paid over the next year (\$18,750 of which will be used to pay certain amounts owing to third parties in connection with the settlement of litigation). An amendment to the agreement provides that \$23,443 of Mr. Pomerantz's salary for 2001 which was not paid to him during 2001 will be paid in 2002 in twelve equal monthly installments.

In light of the fact that Mr. Pomerantz has in the past personally guaranteed certain obligations of the Company to third parties (the "Guaranteed Obligations"), the severance agreement provides that on the earlier to occur of (i) a Change in Control, or (ii) December 31, 2002, we will provide substitute collateral for the Guaranteed Obligations in exchange for a release from Mr. Pomerantz from any and all personal liability on the Guaranteed Obligations. If we are unable to provide substitute collateral within the agreed time, we are required to repay the Guaranteed Obligations in full within thirty (30) days thereafter. We are also obligated to repay any outstanding principal and accrued but unpaid interest under a bank loan to us by no later than the earlier to occur of (i) July 1, 2002 and (ii) a Change of Control.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below shows, as of April 26, 2002, the number of shares of our common stock beneficially owned by

- o each person whom we know beneficially owns more than 5% of the common stock,
- o each director and nominee for director,
- o each executive officer included in the Summary Compensation Table, and
- o all executive officers and directors as a group.

SHARES OF COMMON STOCK
BENEFICIALLY OWNED

NAME AND ADDRESS OF BENEFICIAL OWNER (1)	NUMBER OF SHARES AND NATURE OF BENEFICIAL OWNERSHIP (2)	PERCENT OF CLASS (3)
Christopher Tisi	819,088(4)(5)	21.6%
Steve Pomerantz	401,829(5)	10.9%
Ted Alflen	4,250(5)	*
Daryl Green	-	-
J.C. Herbert Bryant, III 8390 Currency Drive, #5 West Palm Beach, FL 33404	266,534(6)	7.3%
Tony D'Amato 1526 Michigan Avenue, #1 Miami Beach, FL	308,502(4)	8.5%
Anthony and Renate Dell'Aquila 15377 Whispering Willow Dr. Wellington, FL 33414	205,000(6)	5.6%
Napoleon and Tania Paz 51 Seabreeze Ave. Delray Beach, FL 33483	214,300(6)	5.9%
EAI Partners, Inc. 1900 Corporate Blvd., #305-W Boca Raton, FL 33431	275,000(7)	7.6%
All executive officers and directors as a group (4 persons)	1,225,167(8)	31.9%

* Less than 1%

- (1) The address of the executive officer and each director is c/o the Company, 3750 Investment Lane, Suite 5, West Palm Beach, FL 33404.
- (2) Unless otherwise noted, all persons named in the table have sole voting and dispositive power with respect to all shares of common stock beneficially owned by them.
- (3) Based upon 3,632,813 outstanding shares as of April 26, 2002, and, with respect to each holder of options exercisable, or notes convertible, within 60 days of April 26, 2002, the shares issuable under such instruments.
- (4) In 2000, Tony D'Amato ("D'Amato") executed and delivered to Chris Tisi ("Tisi") and the Company a Shareholders' Agreement pursuant to which D'Amato granted to Tisi an irrevocable proxy (the "Irrevocable Proxy") authorizing Tisi to vote shares of the Company beneficially owned by D'Amato as of that date and any shares of the Company acquired by D'Amato thereafter. The Irrevocable Proxy had a two-year term. On January 31, 2001, Tisi relinquished his right to vote pursuant to the Irrevocable Proxy with respect to 125,000 shares beneficially owned by D'Amato as of that date. As disclosed in the 13D dated April 24, 2002 filed by Steve Pomerantz

("Pomerantz"), Tisi and D'Amato, on April 29, 2002, D'Amato executed and delivered to Tisi a First Amendment to the Shareholders' Agreement (the "First Amendment") pursuant to which D'Amato extended the term of the Shareholders' Agreement and the Irrevocable Proxy for an additional two-year period. In addition, Tisi and Pomerantz have entered into an oral understanding that each will vote the shares of common stock beneficially owned by him (or, in the case of Tisi, as to which he has voting power) together as a group, but only for the following purposes: (i) in favor of the same person or persons to be nominated and elected to serve on the board of directors to fill any vacancies on the board, if and as such vacancies may arise from time to time (whether such vacancy occurs by removal, resignation or an increase in the size of the board of directors) at any time prior to our 2002 annual meeting of stockholders, or any adjournment thereof, and (ii) in favor of the same person or persons to be nominated and elected as the slate of nominees, and elected, to the board of directors to be voted upon by the shareholders at our 2002 annual meeting of shareholders, or any adjournment thereof. Accordingly, Tisi has sole voting power of 819,088 shares and sole dispositive power of 416,788 shares, and D'Amato has sole voting power of 125,000 shares and sole dispositive power of 308,502 shares.

- (5) Share ownership of the following persons includes shares subject to immediately exercisable options or options exercisable within 60 days of April 26, 2002, as follows: for Mr. Pomerantz - 50,000 shares; for Mr. Tisi - 152,000 shares; and for Mr. Alflen - 1,250.
- (6) The share amounts of Bryant, Anthony and Renate Dell'Aquila and Napoleon Paz are based upon the disclosures made by each of them in their respective Schedule 13Ds filed with the Securities and Exchange Commission on or about June 27, 2001. Mr. and Mrs. Dell'Aquila share voting and dispositive power.
- (7) Based upon EAI Partners, Inc.'s receipt of 275,000 shares of our common stock in connection with the settlement of litigation adverse to the Company, we believe that EAI Partners, Inc. is a beneficial owner of this amount.
- (8) Includes an aggregate of 203,250 shares subject to immediately exercisable options or options exercisable within 60 days of April 26, 2002 held by executive officers and directors as a group.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For the years ended December 31, 2001 and December 31, 2000, we sold \$63,881 and \$163,969 respectively of products to KMS-Thin Tab, an entity we believe is controlled by J.C. Herbert Bryant III, a beneficial owner of greater than five percent of our stock. These sales were on terms no more favorable than those given to unaffiliated third parties in arms-length transactions.

On January 12, 2002, we repaid a \$100,000 loan from SunTrust Bank which was collateralized by a certificate of deposit in the principal amount of \$100,000 pledged by Steve Pomerantz, our former Chief Executive Officer and Chairman of the Board. Accordingly, on that date, the collateral was released. On January 15, 2002, we obtained another short-term loan from SunTrust Bank in the amount of \$23,400. This loan is collateralized by a certificate of deposit in the amount of \$23,400 owned by Steve Pomerantz. The loan is due on July 15, 2002 and is payable in monthly installments of \$4,167.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Documents filed as part of this Form 10-KSB

FINANCIAL STATEMENTS:

- o Independent Auditors' Report
- o Balance Sheets as of December 31, 2001 and 2000
- o Statements of Operations for the years ended December 31, 2001 and 2000
- o Statements of Changes in Stockholders' Equity for the years ended December 31, 2001 and 2000
- o Statements of Cash Flows for the years ended December 31, 2001 and 2000
- o Notes to Financial Statements

THE FOLLOWING EXHIBITS ARE FILED AS PART OF THIS FORM 10-KSB

The exhibits to this Form 10-KSB appear following the Company's Financial Statements included in this report.

- 3.1(a) Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1(A) of Registrant's registration statement on Form 10-SB, filed on January 31, 2000; Commission File Number 000-29245).
- 3.1(b) Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.1(B) of Registrant's registration statement on Form 10-SB, filed on January 31, 2000; Commission File Number 000-29245).
- 3.1(c) Articles of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1(C) of Registrant's registration statement on Form 10-SB, filed on January 31, 2000; Commission File Number 000-29245).
- 3.1(d) Articles of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1(D) of Registrant's Annual Report on Form 10-KSB, filed on April 16, 2001; Commission File Number 000-29245).
- 3.2 By-Laws of the Registrant (incorporated by reference to Exhibit 3.2 of Registrant's registration statement on Form 10-SB, filed on January 31, 2000; Commission File Number 000-29245).
- 3.3 Amendment to the Restated ByLaws of the Company dated September 25, 2000 (incorporated by reference to Exhibit 3.3 of Registrant's Annual Report on Form 10-KSB, filed on April 16, 2001; Commission File Number 000-29245).

- 3.4 Amendment to the Restated ByLaws of the Company dated November 10, 2000 (incorporated by reference to Exhibit 3.4 of Registrant's Annual Report on form 10-KSB, filed on April 16, 2001; Commission File Number 000-29245).
- 10.1 Employment Agreement between the Company and Chris Tisi effective as of January 1, 2002 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on February 13, 2002; Commission File Number 000-29245).
- 10.2 Severance Agreement between the Company and Steven Pomerantz effective as of January 1, 2002 (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on February 13, 2002; Commission File Number 000-29245).
- 10.3 Factoring and Security Agreement between LSQ Funding Group L.C. and Health and Nutrition Systems International, Inc. effective as of March 15, 2002 (incorporated by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.4 Indemnification Agreement dated March 15, 2002 between LSQ Funding Group L.C. and Christopher Tisi (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.5 Indemnification Agreement between the Company and Chris Tisi dated January 1, 2002 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on February 13, 2002; Commission File Number 000-29245).
- 10.6 Indemnification Agreement between the Company and Steven Pomerantz dated January 1, 2002 (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed on February 13, 2002; Commission File Number 000-29245).
- 10.7 Lease Agreement between the Company and Fred Keller, Trustee dated November 1, 2000 (incorporated by reference to Exhibit 10.5 of Registrant's Annual Report on Form 10-KSB, filed on April 16, 2001; Commission File Number 000-29245).
- 10.8 Lease Agreement between the Company and Fred Keller, Trustee dated January 1, 2001 (incorporated by reference to Exhibit 10.6 of Registrant's Annual Report on Form 10-KSB, filed on April 16, 2001; Commission File Number 000-29245).
- 10.9 Secured Party's Bill of Sale between Fleet National Bank and the Company dated January 12, 2001 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on January 26, 2001; Commission File Number 000-29245).
- 10.10 Trademark Assignment from Heritage Consumer Products, LLC to the Company dated January 12, 2001 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on January 26, 2001; Commission File Number 000-29245).

- 10.11 Agreement between the Company and Steven Pomerantz dated January 12, 2001 (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on January 26, 2001; Commission File Number 000-29245).
- 10.12 Shareholders' Agreement among Tony D'Amato, Chris Tisi, and the Company dated July 13, 2000 (incorporated by reference to Exhibit 1 of Christopher Tisi, Steven Pomerantz, Tony Musso, and Tony D'Amato's Schedule 13D, filed on February 14, 2001; Commission File Number 000-29245).
- 10.13 Irrevocable Proxy dated July 13, 2000 (incorporated by reference to Exhibit 2 of Christopher Tisi, Steven Pomerantz, Tony Musso, and Tony D'Amato's Schedule 13D, filed on February 14, 2001; Commission File Number 000-29245).
- 10.14 Waiver dated January 31, 2001 (incorporated by reference to Exhibit 3 of Christopher Tisi, Steven Pomerantz, Tony Musso, and Tony D'Amato's Schedule 13D, filed on February 14, 2001; Commission File Number 000-29245).
- 10.15 Joint Filing Agreement dated April 24, 2002 (incorporated by reference to Exhibit 6 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 0-29245).
- 10.16 Exclusive Manufacturing Agreement dated April 11, 2002 between the Company and Garden State Nutritionals, a division of VitaQuest International, Inc. (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.17 Security Agreement dated April 11, 2002 between the Company and Garden State Nutritionals, a division of VitaQuest International, Inc. (incorporated by reference to Exhibit 10.17 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.18 Health & Nutrition Systems International, Inc. 1998 Stock Option Plan (incorporated by reference to Exhibit 10.18 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.19 Promissory Note dated April 11, 2002 between the Company as borrower and Garden State Nutritionals as lender (incorporated by reference to Exhibit 10.19 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.20 Subordination Agreement dated April 11, 2002 among the Company, LSQ Funding Group, L.C. and Garden State Nutritionals (incorporated by reference to Exhibit 10.20 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.21 Amendment No. 1 dated April 29, 2002 to the Employment Agreement between the Company and Chris Tisi effective as of January 1, 2002.
- 10.22 Amendment No. 1 dated April 29, 2002 to the Severance Agreement between the Company and Steven Pomerantz effective as of January 1, 2002.
- 10.23 First Amendment to Shareholders' Agreement among Tony D'Amato, Christopher Tisi and the Company dated April 24, 2002 (incorporated by reference to Exhibit 4 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 0-29245).

- 10.24 Irrevocable Proxy dated April 24, 2002 (incorporated by reference to Exhibit 5 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 000-29245).
- 10.25 Option Agreement effective as of February 12, 2002 between the Company and Christopher Tisi.
- 16.1 Letter from Butner & Kahle, CPA dated September 6, 2000 (incorporated by reference to Exhibit 16.4 of Registrant's Current Report on Form 8-K filed on September 7, 2000; Commission File Number 000-29245).
- 24 Power of attorney (included on signature page)
- (b) Reports on Form 8-K
 - 1. Form 8-K filed on December 10, 2001 reporting an Item 5 event.
 - 2. Form 8-K filed on December 18, 2001 reporting an Item 5 event.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 29, 2002

Health & Nutrition Systems International, Inc.
(Registrant)

By: /s/ Christopher Tisi

Christopher Tisi
Interim Chairman of the Board,
Chief Executive Officer and President
(Principal Executive Officer)

Index to Exhibits

Exhibit ----- Number -----	Description of Exhibits -----
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10.3	Factoring and Security Agreement between LSQ Funding Group L.C. and Health and Nutrition Systems International, Inc. effective as of March 15, 2002 (incorporated by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
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- 10.14 Waiver dated January 31, 2001 (incorporated by reference to Exhibit 3 of Christopher Tisi, Steven Pomerantz, Tony Musso, and Tony D'Amato's Schedule 13D, filed on February 14, 2001; Commission File Number 000-29245).
- 10.15 Joint Filing Agreement dated April 24, 2002 (incorporated by reference to Exhibit 6 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 000-29245).
- 10.16 Exclusive Manufacturing Agreement dated April 11, 2002 between the Company and Garden State Nutritionals, a division of VitaQuest International, Inc. (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).

- 10.17 Security Agreement dated April 11, 2002 between the Company and Garden State Nutritionals, a division of VitaQuest International, Inc. (incorporated by reference to Exhibit 10.17 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.18 Health & Nutrition Systems International, Inc. 1998 Stock Option Plan (incorporated by reference to Exhibit 10.18 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.19 Promissory Note dated April 11, 2002 between the Company as borrower and Garden State Nutritionals as lender (incorporated by reference to Exhibit 10.19 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.20 Subordination Agreement dated April 11, 2002 among the Company, LSQ Funding Group, L.C. and Garden State Nutritionals (incorporated by reference to Exhibit 10.20 of Registrant's Annual Report on Form 10-KSB, filed on April 12, 2002; Commission File Number 000-29245).
- 10.21 Amendment No. 1 dated April 29, 2002 to the Employment Agreement between the Company and Chris Tisi effective as of January 1, 2002.
- 10.22 Amendment No. 1 dated April 29, 2002 to the Severance Agreement between the Company and Steven Pomerantz effective as of January 1, 2002.
- 10.23 First Amendment to Shareholders' Agreement among Tony D'Amato, Chris Tisi and the Company dated April 24, 2002 (incorporated by reference to Exhibit 4 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 0-29245).
- 10.24 Irrevocable Proxy dated April 24, 2002 (incorporated by reference to Exhibit 5 of Christopher Tisi, Steven Pomerantz and Tony D'Amato's Schedule 13D, filed on April 29, 2002; Commission File Number 0-29245).
- 10.25 Option Agreement effective as of February 12, 2002 between the Company and Christopher Tisi.
- 16.1 Letter from Butner & Kahle, CPA dated September 6, 2000 (incorporated by reference to Exhibit 16.4 of Registrant's Current Report on Form 8-K filed on September 7, 2000; Commission File Number 000-29245).
- 24 Power of attorney (included on signature page)

FIRST AMENDMENT TO

EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (the "First Amendment") is made and entered into as of this 29th day of April, 2002 by and between HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC., a Florida corporation ("HNS", "Company" or the "Employer"), and CHRIS TISI, an individual (the "Employee").

Preliminary Statement

The parties have entered into an Employment Agreement (the "Agreement") effective as of January 1, 2002, and desire to amend such Agreement as set forth in this First Amendment.

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

ARTICLE I

1. The provisions of this First Amendment shall govern and control over any conflicting or inconsistent provisions in the Agreement, but except as modified hereby, the Agreement remains in full force and effect. Terms used herein but not defined herein shall have the meanings given them in the Agreement. The first sentence of Section 2.2 is hereby amended by deleting the same in its entirety and substituting therefor the following:

"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 positions of Chief Executive Officer ("CEO"), President and Interim Chairman of the Board of Directors."

2. Subsection 2.5(a)(ii) is hereby amended by deleting the same in its entirety and substituting therefor the following:

"the Company having materially changed the scope and type of the 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; provided, however, Employee acknowledges that, upon the Board's election of a Chairman of the Board, Employee shall cease serving in the position of Interim Chairman of the Board and such cessation shall not constitute a constructive termination hereunder."

3. The fourth sentence of Section 3.1 is hereby amended by deleting the same in its entirety and substituting therefor the following:

"The parties hereto acknowledge and agree that (i) as of the Effective Date of the Agreement, Employer owed Employee \$32,578 for base salary and bonus accrued but not paid during the fiscal year ending December 31, 2001 (the "Back Pay") and (ii) as of date hereof, Employer has paid \$10,000 of Back Pay to Employee, and (iii) Employer shall pay to Employee the rest of the Back Pay in twelve equal monthly installments of \$1,881.50 commencing May 1, 2002, provided that this obligation may be prepaid as the Employer's cash flow permits."

4. This First Amendment shall be governed by Florida law, and may be executed in any number of counterparts and by facsimile. All executed counterparts shall constitute one agreement notwithstanding that all signatories are not signatories to the original or the same counterpart.

IN WITNESS WHEREOF, the Employer and the Employee have executed and delivered this First Amendment to Employment Agreement as of the day and year first above written.

THE EMPLOYER:

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

By: /s/Ted Alflen

Name: Ted Alflen
Title: Director

THE EMPLOYEE:

/s/Christopher Tisi

Chris Tisi

FIRST AMENDMENT TO

SEVERANCE AGREEMENT

This FIRST AMENDMENT TO SEVERANCE AGREEMENT (this "First Amendment") is made and entered into as of this 29th day of April, 2002 and amends that certain Severance Agreement (the "Agreement") effective as of January 1, 2002 by and between HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC., a Florida corporation ("HNS", or the "COMPANY") and STEVEN POMERANTZ, an individual ("Pomerantz").

Terms used herein but not defined herein shall have the meanings given them in the Agreement

WHEREAS, the parties to the Agreement desire to amend such Agreement as set forth in this First Amendment.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

1. Section 3.3 is hereby amended and restated in its entirety to read as follows:

"The parties hereto acknowledge and agree that (i) the Company owes Pomerantz \$23,443 for base salary and bonus accrued but not paid during the fiscal year ending December 31, 2001 (the "Back Pay") and (ii) Employer shall pay to Employee the Back Pay in twelve equal monthly installments of \$1,953.58 commencing May 1, 2002."

2. All other terms and provisions of the Agreement remain in full force and effect.

3. This First Amendment 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.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the HNS and Pomerantz have executed this First Amendment to Severance Agreement as of the day and year first above written.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

By: /s/Christopher Tisi

Name: Christopher Tisi
Title:

/s/Steven Pomerantz

Steve Pomerantz

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

NONQUALIFIED STOCK OPTION AGREEMENT

UNDER

1998 STOCK OPTION PLAN

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and entered into effective as of the 12th day of February, 2002, by and between HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC. (hereinafter referred to as the "Company"), and Christopher Tisi (hereinafter referred to as the "Option Holder").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Grant Under 1998 Stock Option Plan. Subject to the terms and conditions of this Agreement and the Company's 1998 Stock Option Plan (as amended from time to time, the "Plan"), the Company hereby grants to the Option Holder an option (the "Option") to purchase 50,000 shares (the "Option Shares") of the Common Stock of the Company, \$.001 par value per share (the "Common Stock"), at the exercise price of \$0.12 per share (the "Option Price"). The Option is granted effective as of February 12, 2002 (the "Granting Date"). The Option hereby granted shall expire thirty (30) days after the delivery of this Agreement to the Option Holder unless the Option Holder signs and returns this Agreement to the Company within said thirty (30) days.

2. Grant as Nonqualified Stock Option; Other Options. The Option is not intended to qualify as an incentive stock option under Section 422(b) of the Internal Revenue Code of 1986 (the "Code"). The Option is a Nonqualified Stock Option as provided in the Plan. The Option is in addition to any other options heretofore or hereafter granted to the Option Holder by the Company, but a duplicate original of this instrument shall not effect the grant of another option.

3. Vesting of Option. If the Option Holder has continued to be employed or retained by the Company on the following dates, the Option Holder may exercise the Option for the number of shares set forth opposite the applicable date:

Date -----	Number of Shares -----
January 31, 2002	50,000
-----	-----
-----	-----
-----	-----
-----	-----

The foregoing rights are cumulative and, while the Option Holder continues to be employed or retained by the Company, may be exercised up to and including the date which is four (4) years from the Granting Date.

4. 1998 Stock Option Plan. The Option is granted pursuant to and is governed in all respects by the Plan including, without limitation, Section 7 (Terms and Conditions of Options) and Section 8 (Terms and Conditions) of the Plan. The rights of the Option Holder are subject to all of the terms and conditions of this Agreement and the Plan, and the provisions of the Plan are hereby incorporated by reference into this Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control. The Option Holder hereby acknowledges receipt

of a copy of the Plan and agrees to be bound by all terms and provisions thereof and further agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under this Agreement or the Plan. Unless otherwise defined in this Agreement or unless the context otherwise requires, capitalized terms used herein shall have the same meanings as in the Plan.

5. Right of First Refusal. The Company shall have a right of first refusal with respect to all of the Option Shares of Option Holder as provided in Section 10 (Right of First Refusal) of the Plan.

6. Partial Exercise. Exercise of the Option up to the extent provided in Section 3 above may be made in part at any time and from time to time within the above limits.

7. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by thirty (30) days' prior written notice to the Company, at the principal executive office of the Company, or to such transfer agent as the Company shall designate. Such notice shall state the

election to exercise the Option and the number of Option Shares in respect of which it is being exercised and shall be signed by the person or persons so exercising the Option. Such notice shall be accompanied by payment of the full Option Price of such shares. The Option Price for all Option Shares shall be payable in United States Dollars in cash or by check, or any combination of the foregoing, equal in amount to the aggregate of the Option Price for all Option Shares purchased. In no event shall the Company be required to issue any Option Shares prior to admission of such shares to listing on any stock exchange on which the Company's Common Stock may then be listed, and unless the Option Shares are at that time effectively registered or, in the opinion of counsel for the Company, exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "1934 Act"), and other federal and state laws and regulations having similar requirements.

8. Agreement to Purchase for Investment. The Option Holder agrees that unless otherwise consented to in writing by the Company, the Option Shares will be purchased for investment only and not with any intention to resell or distribute the same and that upon the exercise of the Option or any part thereof the Option Holder will deliver to the Company a representation in writing, in such form as the Company shall require, that the Option Shares are being acquired for investment purposes only and will not be resold except in compliance with 1933 Act and in compliance with all other federal and state securities laws.

9. Legend. The certificates representing the Option Shares will bear a conspicuous legend in substantially the following form:

The securities represented by this certificate have been acquired for investment purposes only and have not been registered under the Securities Act of 1933, as amended, or under applicable state securities laws. Such securities may not be sold, transferred, pledged or hypothecated unless the registration provisions of said laws have been complied with or unless approved by the Company, which approval may be conditioned upon receipt of an opinion of counsel (acceptable to the Company) that such registration is not required. Transfer of these securities is further restricted by the terms of a Stock Option Agreement between the Company and the holder hereof.

10. Option Not Transferable. The Option is not transferable or assignable except by will or by the laws of descent and distribution. During the Option Holder's lifetime only the Option Holder shall have the right to exercise the Option.

11. No Obligation to Exercise Option. The grant and acceptance of the Option imposes no obligation on the Option Holder to exercise it.

12. No Rights as Stockholder until Exercise. The Option Holder shall have no rights as a stockholder with respect to Option Shares subject to this Agreement until a stock certificate therefor has been issued to the Option Holder and such Option Shares are fully paid for. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date such stock certificate is issued.

13. Withholding Taxes. If any portion of the Option is treated as a Nonqualified Stock Option, the Option Holder hereby agrees that the Company may withhold from the Option Holder's wages the appropriate amount of federal, state and local withholding taxes attributable to the Option Holder's exercise of such Nonqualified Stock Option. At the Company's discretion, the amount required to be withheld may be withheld in cash from such wages, or (with respect to compensation income attributable to the exercise of the Option) in kind from the Common Stock otherwise deliverable to the Option Holder on exercise of the Option. The Option Holder further agrees that, if the Company does not withhold an amount from the Option Holder's wages sufficient to satisfy the Company's withholding obligation, the Option Holder will reimburse the Company on demand, in cash, for the amount underwithheld.

14. Cancellation of Options. The Committee may, in its sole discretion, in cases involving a serious breach of conduct by an Option Holder or activity of an Option Holder in competition with the business of the Company, cancel the Option, whether or not vested, in whole or in part. Such cancellation shall be effective as of the date specified by the Committee. Without limitation, activities which shall constitute a serious breach of conduct include: (i) the disclosure or misuse of confidential information or trade secrets; (ii) activities in violation of the Company's policies; (iii) the violation or breach of any material provision in any employment contract or other agreement between the Option Holder and the Company; (iv) engaging in conduct relating to the Option Holder's employment with or retention by the Company for which either criminal or civil penalties may be sought; and (v) engaging in activities which adversely affect or which are inimical, contrary or harmful to the interests of the Company or its business operations. The determination of whether an Option Holder has engaged in a serious breach of conduct or activity in competition with the business of the Company shall be determined by the Committee in good faith and in its sole discretion.

15. Lock-up Agreement. The Option Holder agrees that the Option Holder will not, for a period of at least 120 days following the effective date of the Company's initial distribution of securities in an underwritten public offering to the general public pursuant to a registration statement filed with the Securities and Exchange Commission, directly or indirectly, sell, offer to sell or otherwise dispose of the Company's securities other than any securities which are included in such initial public offering.

16. Integrated Agreement. This Agreement and the Plan constitute the entire understanding and agreement of the Option Holder and the Company with respect to the subject matter contained herein and therein, and there are no agreements, understandings, restrictions, representations, or warranties among the Option Holder and the Company other than those as set forth or provided for herein and therein. To the extent contemplated herein and therein, the provisions of this Agreement and the Plan shall survive any exercise of the Option and shall remain in full force and effect.

17. Right of Company to Terminate Services. Nothing herein contained shall affect the right of the Company to terminate the Option Holder's services, responsibilities or duties or his authority to represent the Company at any time for any reason whatsoever, subject to other written agreements with the Option Holder, if any.

18. Enumeration and Headings. The enumeration and headings contained in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement.

20. Governing Law. This Agreement and the respective rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Florida, without regard to its conflicts of laws provisions.

IN WITNESS WHEREOF the Company and the Option Holder have caused this Agreement to be executed as of the day and year first above written.

COMPANY:

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

By: /s/Ted Alflen

Title: Director

OPTION HOLDER:

/s/Christopher Tisi

Signature

Christopher Tisi

Print Name

3750 Investment Lane

Street Address

West Palm Beach, FL 33404

City State Zip

Social Security Number