FORM 10-QSB
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1997

[ ] 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 0-25238

NATURAL HEALTH TRENDS CORP.

(Exact name of Small Business Issuer as specified in its charter)

Florida	59-2705336
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2001 West Sample Road, Suite 318
Pompano Beach, FL 33064

(Address of Principal Executive Offices)

(954) 969-9771

(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of the issuer's Common Stock, $.001 par value, as of March 31, 1997 was 12,811,261 shares.

NATURAL HEALTH TRENDS CORP.

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NATURAL HEALTH TRENDS CORP.

CONSOLIDATED BALANCE SHEET

MARCH 31, 1997

(UNAUDITED)

ASSETS

CURRENT ASSETS:		
Cash	$ 219,435	
Restricted cash	250,000	
Accounts receivable	1,721,295	
Inventories	281,299	
Due from officers	138,976	
Due from affiliate	23,724	
Prepaid expenses and other current assets	81,681	
TOTAL CURRENT ASSETS		2,716,409
PROPERTY, PLANT AND EQUIPMENT		3,161,968
GOODWILL	1,524,241	
DEPOSITS AND OTHER ASSETS	78,861	
	$ 7,481,479	

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 426,948	
Accrued expenses	201,715	
Revolving credit line	206,053	
Current portion of long term debt	51,685	
Deferred revenue	872,995	
Current portion of accrued consulting contract	273,307	
Other current liabilities	186,485	
TOTAL CURRENT LIABILITIES		2,219,188
LONG-TERM DEBT		1,791,617

ACCRUED CONSULTING CONTRACT	223,939
COMMON STOCK SUBJECT TO PUT	380,000
STOCKHOLDERS' EQUITY:	
Preferred stock, $.001 par value, 1,500,000 shares authorized; no shares issued and outstanding	-
Common stock, $.001 par value; 40,000,000 shares authorized; 12,811,261 shares issued and outstanding at March 31, 1997	12,811
Additional paid-in capital	6,582,013
Retained earnings (accumulated deficit)	(3,272,464)
Common stock subject to put	(380,000)
Prepaid stock compensation	(75,625)
TOTAL STOCKHOLDERS' EQUITY	2,866,735
	$ 7,481,479

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three months ended March 31,	
	1997	1996
REVENUES	$ 2,073,833	$ 1,781,238
COST OF SALES	1,042,488	1,011,680
GROSS PROFIT	1,031,344	769,558
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,012,973	809,956
COST OF SEVERING EMPLOYMENT AGREEMENT	497,246	-
LITIGATION SETTLEMENT	111,517	-
NON-CASH IMPUTED COMPENSATION EXPENSE	25,000	-
OPERATING INCOME (LOSS)	(615,391)	(40,399)
OTHER INCOME (EXPENSE):		
Interest (net)	(61,949)	(47,955)
INCOME (LOSS) BEFORE INCOME TAXES	(677,340)	(88,354)
PROVISION FOR INCOME TAXES	-	-

NET INCOME (LOSS)	$ (677,340)	$ (88,354)
EARNINGS (LOSS) PER COMMON SHARE	$ (0.05)	$ (0.01)
WEIGHTED AVERAGE COMMON SHARES USED	12,462,324	11,075,775

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three months ended March 31,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (677,340)	$ (88,354)
Adjustments to reconcile net loss to net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,912	54,868
Non-cash imputed compensation expense	25,000	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(239,706)	(126,904)
(Increase) decrease in inventories	(26,117)	857
(Increase) decrease in prepaid expenses	(35,364)	20,803
(Increase) decrease in deposits and other assets	3,392	(8,029)
Increase (decrease) in accounts payable	(20,430)	28,674
Increase (decrease) in accrued expenses	71,375	15,029
Increase (decrease) in deferred revenue	109,115	43,825
Increase (decrease in accrued consulting contract	497,246	-
Increase (decrease) in other current liabilities	(68,196)	-
TOTAL ADJUSTMENTS	399,228	29,123
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(278,112)	(59,231)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(78,029)	(266,808)
Acquisition expenses	-	(20,000)
Purchase of marketable securities	-	(250,000)
NET CASH USED IN INVESTING ACTIVITIES	(78,029)	(536,808)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in due from officer	(2,481)	-
Decrease in restricted cash	8,932	-
Proceeds from sale of debentures	326,826	-
Proceeds from notes payable and long-term debt	255,000	170,000
Payments of notes payable and long-term debt	(530,024)	(26,448)
Distribution to shareholder	-	(92,087)
NET CASH PROVIDED BY FINANCING ACTIVITIES	58,253	51,465
NET INCREASE (DECREASE) IN CASH	(297,888)	(544,574)
CASH, BEGINNING OF PERIOD	517,323	994,816
CASH, END OF PERIOD	$ 219,435	$ 450,243

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 1997

(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying financial statements are unaudited, but reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position and the results of operations for the interim periods presented. All such adjustments are of a normal and recurring nature. The results of operations for any interim period are not necessarily indicative of the results attainable for a full fiscal year.

2. EARNINGS (LOSS) PER SHARE

Per share information is computed based on the weighted average number of shares outstanding during the period.

3. LITIGATION SETTLEMENT

Litigation settlement resulted from the settlement of the litigation brought about by the landlord in connection with the property leased by the Company in Lauderhill, Florida (the former location of the Pompano school) whose lease was to expire in July 1997. The settlement resulted in an additional charge of approximately $112,000 during the quarter ended March 31, 1997 in excess of amounts previously accrued.

4. RESTATEMENT

On June 26, 1996, the Company acquired the Institute of Natural Medicine, Inc., an alternative health care clinic, in a business combination accounted for as a pooling of interests. The Company acquired 100% of this company in exchange for 110,000 shares of its

common stock. The accompanying statements of operations and cash flows for the three months ended March 31, 1996 have been restated to reflect the combined companies for all periods presented.

The following table presents a breakdown of amounts included in the accompanying

statement of operations for the three months ended March 31, 1996 attributable to each company:

REVENUES:	
Natural Health Trends Corp.	$ 1,537,632
Institute of Natural Medicine	243,606
Total	$ 1,781,238
NET INCOME (LOSS):	
Natural Health Trends Corp.	$ (140,824)
Institute of Natural Medicine	52,470
Total	$ (88,354)

5. ACCRUED CONSULTING CONTRACT

During the quarter ended March 31, 1997, the Company renegotiated with former a principal of Sam Lily, Inc. with whom it was obligated under an employment agreement to cancel the employment agreement and replace it with a consulting agreement. The consulting agreement requires the individual to provide services to the Company for one day per week through December 1998 at the rate of $5,862 per week. The Company has determined that the future services, if any, that it will require will be of little or no value and is accounting for this obligation as a cost of severing the employment contract. Accordingly, the present value (applying a discount rate of 10%) of all future payments is accrued in full at March 31, 1997.

6. CONVERTIBLE DEBENTURES

In April 1997, the Company issued $1,300,000 of 6% convertible debentures (the "Debentures"). Principal on the Debentures is due in March 2000. The principal and accrued interest on the Debentures are convertible into shares of common stock of the Company commencing the earlier of July 1997 or the effective date of the registration statement with the shares of Common Stock issuable upon conversion, at a conversion price equal to the lesser of $1.4375 or 80% of the average closing bid price of the Common Stock for the five trading days immediately preceding the notice of conversion.

In conjunction with the issuance of the Debentures, the Company issued warrants to purchase an aggregate of 200,000 shares of Common Stock. The warrants are exercisable until April 3, 2002. Warrants to purchase 100,000 shares of Common Stock are exercisable at $2.4375 per share, and the balance are exercisable at $3.25 per share.

The Company loaned $810,000 of the net proceeds from the issuance of the Debentures to Global Health Alternatives, Inc. ("Global") pending the closing of the acquisition of Global by Natural Health Trends Corp. under the Agreement and Plan of Reorganization (the "Reorganization

Agreement") dated March 19,1997. Principal and interest at prime are due on December 31,1997 or on demand. The loan is secured by all of the outstanding shares of common stock and the guarantee of two wholly owned subsidiaries of Global as well as assets of Global. In the event of termination of the Reorganization Agreement, the Company has the option to convert the amount due under the note into shares of common stock of Global at $2.25 per share.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and notes contained in Item 1 hereof.

Forward-Looking Statements

When used in the Form 10-QSB and in future filings by the Company with the Securities and Exchange Commission, the words "will likely result", and "the Company expects", "will continue", "is anticipated", "estimated", "project", or "outlook" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. The Company wishes to caution readers not to place undue reliance on such forward-looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the result of any revisions which may be made to any forward- looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Results of Operations

THREE MONTHS ENDED MARCH 31, 1997 AND 1996

Revenues:

Total revenues were $2,073,833 for the three months ended March 31,1997 compared to $1,781,238 for the three months ended March 31,1996. This represents an increase of $292,595 or 15%.

The Company believes that the increase is primarily attributable to increased tuition revenue of $321,065 due to increased enrollment primarily in the Company's Oveido school. Bookstore revenue also increased by $21,742 compared to the same period last year, which the Company believes is due primarily to the increased enrollment. Offsetting this was a decrease in the revenue in the Company's natural health care center in Boca Raton, Florida of $38,915. The Company believes that the decrease was primarily attributable to the growth hormone segment which showed a decline in revenue of $48,535. The decline is due to product becoming more readily available which has necessitated reducing charges to patients.

Cost of sales:

Cost of sales for the three months ended March 31, 1997 were $1,042,488 compared to $1,011,680 for the comparable period last year. Gross profit as a percentage of revenues was 49.7% compared with 43.2% for the three months ended March 31,1996. The Company believes that this is due to the increased enrollment in its Oviedo school, which did not require

comparable increases in costs, as well as better control over the natural health care center expenses.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses were $1,012,973 for the three

months ended March 31,1997 compared to $809,956 for the three months ended March 31, 1996, an increase of 25.1%. The Company believes that the increase is primarily due to increased expenses in the natural health care center located in Pompano Beach, Florida as well as increased expenses in the Oviedo school to support the increase in student enrollment. Additionally, the Company has increased its investor relations expense as well as retained an investment banking firm in connection with possible future acquisitions. As a percentage of revenues, these cost were 49% in the 1997 period as compared to 45% in the 1996 period

Litigation settlement:

The litigation settlement resulted from the settlement of the litigation commenced by the landlord in connection with property leased by the Company in Lauderhill, Florida. The leased property was the previous site of the Company's school now located in Pompano Beach, Florida.

Non-cash Imputed Compensation Expense:

During the three months ended March 31, 1997, the Company expensed $25,000 relating to the issuance of 20,000 shares of the Company's common stock to an employee which amount represents the fair market value of the shares of Common Stock issued to this individual.

This non cash expense in the first quarter of 1997 was accompanied by a corresponding increase in the additional paid-in capital account and resulted in no change to stockholder's equity.

Interest Expense

These cost for the three months ended March 31, 1997 were $61,949 as compared to $47,955 for the comparable period of 1996. The increase was due to increased line of credit borrowing.

Net Loss

For the three months ended March 31, 1997, the net loss was $180,094 compared to a net loss of $88,354 for the three months ended March 31, 1996. The increase in the loss is attributable to the impact of the individual elements discussed above.

Liquidity and Capital Resources

The Company has funded its working capital and capital expenditure requirements from cash provided through borrowing from institutions and from the sale of the Company's securities in private placements and the initial public offering of its securities. The Company's primary

source of cash of cash receipts is from the payments for tuition, fees, and books. These payments were funded primarily from student and parent educational loans and financial aid under various Federal and state assistance programs and, to a lesser extent, from student and parent resources. The Company's secondary source of cash receipts is from services rendered at the Company's natural health care centers.

In April 1997, the Company issued $1,300,000 of 6% convertible debentures (the "Debentures"). Principal on the Debentures is due in March 2000. The principal and accrued interest on the Debentures are convertible into shares of common stock of the Company commencing the earlier of July 1997 or the effective date of the registration statement in connection with the shares of Common Stock issuable upon conversion, at a conversion price equal to the lesser of $1.4375 or 80% of the average closing bid price of the Common Stock for the five trading days immediately preceding the notice of conversion.

In conjunction with the issuance of the Debentures, the Company issued warrants to purchase an aggregate of 200,000 shares of common stock. The warrants are exercisable until April 3, 2002. Warrants to purchase 100,000 shares of Common Stock are exercisable at $2.4375 per share, and the balance are exercisable at $3.25 per share.

The Company loaned $810,000 of the net proceeds from the issuance of the Debentures to Global Health Alternatives, Inc. ("Global") pending the closing of the acquisition of Global by Natural Health Trends Corp. under the Agreement and Plan of Reorganization (the "Reorganization Agreement") dated March 19,1997. Principal and interest at prime are due on December 31,1997 or on demand. The loan is secured by all of the outstanding shares of common stock and the guarantee of two wholly owned subsidiaries of Global as well as assets of Global. In the event of termination of the Reorganization Agreement, the Company has the option to convert the amount due under the note into shares of common stock of Global at $2.25 per share.

At March 31, 1997 the ratio of current assets to current liabilities was 1.22 to 1.0. Working capital was approximately $497,221.

Cash used in operations for the period ended March 31, 1997 was approximately $278,112, attributable primarily to the net loss of $677,340, adjusted for non-cash expenses and changes in operating assets and liabilities aggregating $399,228.

Capital expenditures, primarily related to expansion of the natural health care center in Boca Raton, Florida to allow for introduction in the second quarter of new modalities used approximately $78,029 of cash.

The Company anticipates that its net cash flow together with available lines of credit will be sufficient to finance the Company's operations during the next twelve months. However, there can be no assurance that this will be the case. The Company anticipates that additional financing will be required for the Company's expansion, including the acquisition of Global, of which there can be no assurance.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Principal Mutual Life Insurance Company, as landlord, commenced an action in July 1996 in the Circuit Court of the 17th Judicial Circuit in Broward County, Florida against the Company, Neal R. Heller and Elizabeth S. Heller to recover rent and possession in connection with the property leased by the Company in Lauderhill, Florida. In April 1997, the Company settled the litigation for approximately $171,000.

Item 2. Change in Securities.

On April 3, 1997, the Company issued $1,300,000 of 6% convertible debentures (the "Debentures"). Principal on the Debentures is due in March 2000. The principal and accrued interest on the Debentures is convertible into shares of Common Stock commencing the earlier of July 1997 or the effective date of the registration statement in connection with the shares of Common Stock issuable upon conversion, at a conversion price equal to the lesser of $1.4375 or 80% of the average closing bid price of the Common Stock for the five trading days immediately preceding the notice of conversion. J.W. Charles Securities, Inc. acted as the placement agent in connection with the sale of the Debentures.

In connection with the issuance of the Debentures, the Company issued warrants to purchase an aggregate of 200,000 shares of Common Stock. The warrants are exercisable until April 3, 2002. Warrants to purchase 100,000 shares of Common Stock are exercisable at $2.4375 per share, and the balance are exercisable at $3.25 per share.

Item 5. Other Information.

On March 19, 1997, the Company, GHA Holdings, Inc. ("Holdings") (a wholly-owned subsidiary of the Company) and Global Health Alternatives, Inc. ("Global") entered into an Agreement and Plan of

Reorganization (the "Reorganization Agreement"). The Reorganization Agreement provides for the purchase by Holdings of substantially all of the assets of Global in exchange for 5,800,000 shares of the Company's Common Stock. In addition, additional shares are issuable based upon the earnings of Global following the consummation of the acquisition. The closing of the transactions contemplated by the Reorganization Agreement are contingent upon the happening of certain as yet unfulfilled conditions.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibit Index

b) Reports on Form 8-K - None

The Company filed current reports on Form 8-K on January 7, 1997, January 31, 1997 and February 19, 1997. The reports related to the sale of the Company's securities pursuant to the exemption from the registration requirements under Regulation S promulgated under the Securities Act of 1933, as amended.

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, thereunto duly authorized.

NATURAL HEALTH TRENDS CORP.

By: /S/ Neal Heller
President and Chief Executive Officer

Date: May 19, 1997

Exhibit Index

Number	Desccription of Exhibit
2.1	Agreement and Plan of Reorganization dated as of March 19, 1997 among the Company, GHA Holdings, Inc. and Global Health Alternatives, Inc.+
3.1	Amended and Restated Certificate of Incorporation of the Company.*
3.2	Amended and Restated By-Laws of the Company.*
4.1	Specimen Certificate of the Company's Common Stock.*
4.2	Form of Class A Warrant.*
4.3	Form of Class B Warrant.*

4.4 Form of Warrant Agreement between the Company and Continental Stock Transfer & Trust Company.*

4.5 Form of Underwriter's Warrants.*

4.6 1994 Stock Option Plan.*

4.7 Form of Debenture.+

10.1 Form of Employment Agreement between the Company and Neal R. Heller.*

10.2 Form of Employment Agreement between the Company and Elizabeth S. Heller.*

10.3 Lease, dated April 29, 1993, between Florida Institute of Massage Therapy, Inc., as tenant, and MICC Venture, as landlord, as amended.*

10.4 Lease, dated April 10, 1991, between Florida Institute of Massage Therapy, Inc., as tenant, and Superior Investment & Development Corporation, as agent, for SIDCOR 50/50 Associates.*

10.5 Department of Education, Office of Postsecondary Education, Office of Student Financial Assistance Program Participation Agreement, dated March 28, 1994, between the Company and the USDOE.*

10.6 Purchase and Sale Agreement between Merrick Venture Capital, Inc., as seller, and the Company, as buyer.*

10.7 First Mortgage Loan Documents between the Company and TransFlorida Bank in connection with the purchase of the Pompano Property.*

10.8 Equity Credit Plan and Note, dated March , 1994, among the Company, F.I.M.T.E. Supply, Inc., Neal R. Heller, Elizabeth S. Heller and American Bank of Hollywood.*

10.9 Form of Financial Consulting Agreement between the Company and the Underwriter.*

10.10 Second Mortgage Loan Documents between the Company and Merrick Venture Capital, Inc.*

10.11 Agreement dated June 7, 1995 between Natural Health Trends Corp. and Justin Real Estate Corp.*

10.12 Property Management Agreement dated June 7, 1995 between Natural Health Trends Corp. and Justin Real Estate Corp.*

10.13 Agreement among Natural Health Trends Corp. Health Wellness Nationwide Corp., Samantha Haimes and Leonard Haimes.**

10.14 Employment Agreement between Health Wellness Nationwide Corp. and Kaye Lenzi.**

10.15 Loan Agreements between the Company and Global Health Alternatives, Inc.+

21.1 List of Subsidiaries.+

27.1 Financial Data Schedule.+

* Previously filed with Registration Statement No. 33-91184.

** Previously filed with the Company's Form 10-KSB for the year ended December 31, 1996.

\+ Filed herewith.

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AGREEMENT AND PLAN OF REORGANIZATION

dated as of

March 19, 1997

among

NATURAL HEALTH TRENDS CORP.,

GHA HOLDINGS, INC.

and

GLOBAL HEALTH ALTERNATIVES, INC.

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EXHIBITS

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION, dated as of March 19, 1997 (this "Agreement"), is by and among NATURAL HEALTH TRENDS CORP., a Florida corporation ("NHTC"), and GHA HOLDINGS, INC., a Delaware corporation ("Holdings") and wholly-owned subsidiary of NHTC, on the one hand, and GLOBAL HEALTH ALTERNATIVES, INC., a Delaware corporation (the "Company"), on the other hand, and evidences that, for and in consideration of the mutual covenants set forth herein, and intending to effect a tax-free reorganization under Section 368(a)(1)(C) of the Internal Code of 1986, as amended (the "Code"), the parties hereto hereby agree as follows:

ARTICLE I
MAIN TRANSACTION

SECTION 1.01. Sale and Purchase of Assets. (a) On the Closing Date (as defined in Section 7.01), the Company shall execute and deliver to Holdings a Bill of Sale and Assumption substantially in the form of Exhibit A attached hereto and made part hereof (with such changes thereto as may be agreed upon by the Company and NHTC on or prior to the Closing Date, the "Bill of Sale") and thereby (among other things) sell, transfer, grant, convey, assign and set over to Holdings, and its successors and assigns forever, and Holdings shall execute and deliver to the Company the Bill of Sale and thereby (among other things) purchase and receive from the Company, free and clear of any and all liens, security interests, mortgages, pledges, covenants, easements, encumbrances, defects in title, agreements and claims and rights of third parties ("Liens") (other than Permitted Liens (as hereinafter defined)), all of the rights, title and interest of the Company in, to and under the businesses, franchises, rights, claims, privileges, properties and assets owned, used or held for use by the Company, of every nature and description, tangible and intangible, wherever located and whether or not carried on the books or records of the Company, all as the same shall exist on the date hereof, but subject to such additions and dispositions as shall have occurred in the ordinary course of business after the date hereof or shall otherwise occur with the written consent of Holdings (the foregoing rights, title and interest being hereinafter sometimes collectively referred to as the "Subject Assets"). The Subject Assets are more particularly described in Section 1 of the Bill of Sale.

(b) For purposes of this Agreement, the term "Permitted Liens" means: (i) Liens for taxes not yet due and payable; (ii) Liens imposed by Laws (as defined in Section 2.07), such as banker's, warehousemen's, mechanic's and materialmen's liens, and other similar statutory or common law liens arising in the ordinary course of business; (iii) Liens arising out of pledges, bonds or deposits under worker's compensation laws, unemployment insurance, old age pension or other social security or retirement benefits or similar legislation and deposits securing obligations for self-insurance arrangements in connection with any of the foregoing; (iv) easements, rights of way, building restrictions, minor defects or irregularities in title and such other encumbrances or charges against property (real, personal or mixed) as are of a nature that do not in a materially adverse way affect the marketability of the same or interfere with the use thereof in the ordinary course of business as presently conducted; (v)

Liens arising under Company Contracts (as defined in Section 2.08); (vi) Liens securing indebtedness (x) disclosed or reflected in the Company Financial Statements (as defined in Section 2.03), (y) owed to NHTC or any subsidiary thereof, (z) or otherwise Previously Disclosed (as

defined in Article II); and (vii) Liens that will be released and discharged in full on or prior to the Closing Date.

SECTION 1.02. Assumption of Liabilities. On the Closing Date Holdings shall execute and deliver to the Company the Bill of Sale and thereby (among other things) assume and agree to pay, satisfy and discharge in accordance with their respective terms (subject to any defenses or claimed offsets asserted in good faith against the obligee to whom such liabilities are owed) the "Assumed Liabilities" (as defined in Section 2 of the Bill of Sale); provided, however, that the "Assumed Liabilities" do not include, Holdings is not assuming, and the Company is retaining responsibility for and shall remain liable to discharge, pay and perform, the "Retained Liabilities" (as defined in Section 2 of the Bill of Sale).

SECTION 1.03. Non-Assigned Company Contracts. (a) From and after the Closing (as defined in Section 7.01), the Company shall: (i) hold in trust for the benefit of Holdings all Non-Assigned Company Contracts (as hereinafter defined), (ii) remit (promptly upon receipt thereof) to Holdings all amounts paid to the Company thereunder in respect of the performance thereof by the Company or Holdings thereunder, (iii) cooperate with Holdings in any reasonable arrangement designed to provide for Holdings the benefits thereunder, and (iv) insofar as permissible, assign to Holdings, at Holdings's written request from time to time, any or all of such Non-Assigned Company Contracts. Holdings agrees to perform, in the name and on behalf of the Company, all Non- Assigned Company Contracts as to which the foregoing provisions have been complied with.

(b) For purposes of this Agreement, the term "Non-Assigned Company Contracts" means those Company Contracts as to which (x) the consent of a party thereto (other than the Company) is required for an assignment thereof, and such consents are not obtained on or before the Closing Date.

SECTION 1.04. Consideration. (a) Firm Shares. In consideration of the Company's sale of the Subject Assets to Holdings as aforesaid (in addition to Holdings's assumption of the Assumed Liabilities), on the Closing Date NHTC shall issue and deliver to the trustee(s) under the voting trust to be established under the Voting Trust Agreement (as defined in Section 6.01(j)) (such voting trust, the "Voting Trust"; and such trustee(s), in its (their) capacity as such, the "Voting Trustee"), for the benefit of the Company and its respective successors and assigns, and the Voting Trustee shall receive from GHA, free and clear of any and all Liens, pre-emptive and similar rights, 5,800,000 shares (the "Firm Shares") of NHTC's Common Stock, par value $.001 per share ("NHTC Common Stock").

(b) First Contingent Shares. In further consideration of the Company's sale of the Subject Assets as aforesaid (in addition to Holdings's assumption of the Assumed Liabilities), if Acquired Pre-Tax Earnings during the First Contingent Shares Measure Period (as such terms are defined in Section 1.04(d) below) shall equal or exceed $1,200,000 promptly after the sixtieth (60th) day after the end of the First Contingent Shares Measure Period, NHTC shall issue and deliver to the Voting Trustee, for the benefit of the Company and its respective successors and assigns, free and clear of all Liens, pre-emptive and similar rights, 800,000 shares of NHTC Common Stock.

(c) Second Contingent Shares. In further consideration of the Company's sale of the Subject Assets as aforesaid (in addition to Holdings's assumption of the Assumed Liabilities), promptly after the sixtieth (60th) day after the end of the Second Contingent Shares Measure Period, NHTC shall issue and deliver to the Company (or its respective successors and assigns), free and

clear of all Liens, pre-emptive and similar rights, a number of shares of NHTC Common Stock having a Fair Market Value (as of such 60th day) equal to

the lesser of:

- (8 x Acquired Pre-Tax Earnings) minus FSFMV minus FCSFMV minus Acquisition Costs, and

- $45,000,000

with the terms used in the above formula and provisions having the meanings set forth in Section 1.04(d) below; provided, however, that: (i) no fractional shares of NHTC Common Stock shall be issued under the foregoing; and (ii) all fractional shares of NHTC Common Stock that the Company (or any successor or assign thereof) would otherwise be entitled to receive in accordance with the foregoing shall be aggregated, and if a fractional share of NHTC Common Stock results from such aggregation the Company (or such successor or assign) shall be entitled to receive, in lieu thereof, an additional whole share of NHTC Common Stock.

(d) For purposes of this Agreement, the term:

"Acquired Pre-Tax Earnings" means the Pre-Tax Earnings of the Existing Businesses and any New Business in Holdings during the First Contingent Shares Measure Period (for purposes of Section 1.04(b)) or Second Contingent Shares Measure Period (for purposes of Section 1.04(c)).

"Acquisition" means any transaction, or any series of related transactions, by which Holdings or any of its consolidated subsidiaries: (1) acquires (x) all or a substantial part of the assets (other than through a purchase of inventory in the ordinary course of business), (y) one or more manufacturing lines or (z) a going business or division, of any other person or entity, whether through purchase of assets, merger or otherwise, or (2) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) control of at least 50% (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or at least 50% (by percentage or voting power) ownership interest in any partnership, joint venture or limited liability company (other than corporate partnerships or joint ventures covered by the preceding clause).

"Acquisition Costs" means the consideration paid at any time on or after the Closing Date and prior to the end of the Second Contingent Shares Measure Period for any Acquisition of an Existing Business or New Business, including (net of any tax benefits) commissions, finders fees, investment banking, legal and accounting fees and disbursements paid in connection therewith and such other transaction costs as shall be

agreed upon by the NHTC and the Company (or its successor or assign for such purpose). For this purpose, any such consideration consisting of: (1) NHTC Common Stock shall be valued at the Fair Market Value thereof as of the date of issuance; (2) any promissory notes issued by, or indebtedness assumed by, NHTC or any subsidiary thereof (including Holdings) shall be valued at the face amount of such promissory notes or indebtedness (as the case may be); and (3) any Other Consideration shall be valued at the Fair Market Value thereof. The parties hereto hereby acknowledge and agree that the "Acquisition Costs" of: (A) the Ellon Acquisition shall be limited to any "Contingent Consideration" paid in accordance with (and as defined in) Section 1.04(b) of the Ellon Acquisition Agreement; (B) the Fruitseng Acquisition shall be limited to any "Contingent Shares" issued in accordance with (and as defined in) Section 1.04(b) of the Fruitseng Acquisition Agreement (as such provision may be modified or amended from time to time, including as contemplated by Section 6.02(l)); (C) any MikeCo Acquisition shall be limited to any shares of NHTC Common Stock issued as the "Consideration" under (and as defined in) the MikeCo Option Agreement (if any); and (D) each of the Ellon Acquisition, Fruitseng Acquisition and Troy Acquisition shall additionally include legal and accounting fees and disbursements and such other transactional costs attributable to such

Acquisition (as opposed to services or other valuable assets or other rights) as shall be agreed upon by the NHTC and the Company (or its successor or assign for such purpose), in the case of each of the foregoing clauses (A), (B), (C) and (D), at any time on or after the Closing Date and prior to the end of the Second Contingent Shares Measure Period.

"Business" means the assets, manufacturing lines, going business or division, corporation, partnership, joint venture or limited liability company the acquisition of which constitutes an "Acquisition" hereunder.

"Contingent Shares" means the shares of NHTC Common Stock issued or issuable under Section 1.04(b).

"Ellon Acquisition" means the Acquisition described in clause (1) of the definition of "Existing Business" in this Section 1.04(c), which was effected pursuant to the Ellon Acquisition Agreement.

"Ellon Acquisition Agreement" means that certain Assets Purchase Agreement, dated as of October 15, 1996, by and among the Company, Ellon, Inc., Ellon USA, Inc. and Ralph Kaslof and Leslie J. Kaslof, as the same may be supplemented, modified, amended and/or restated from time to time..

"Existing Business" means: (1) Ellon, Inc. ("New Ellon"), a Delaware corporation and wholly-owned subsidiary of the Company, which (in October 1996) completed an Acquisition of substantially all of the assets of Ellon USA, Inc. ("Old Ellon"); (2) Maine Naturals, Inc. (formerly named Fruitseng, Inc.), a Delaware corporation, which (in October 1996) completed an Acquisition of substantially all of the assets of Downeast Cranberry Company, Inc.; (3) Global Health Alternatives (UK) Ltd., an England and Wales corporation and wholly-owned subsidiary of the Company, and the other entities and operations of the Company through which the Company's rights and obligations under the General Agreement of Cooperation between the Company and MEBO Holding Corp. are held and/or performed; (4) the entities and/or operations of the

Company throughwhich the Company's rights and obligations under the Agreement of Development with Kang Ban Technical Trading Company (affiliated with the Beijing University of Traditional Chinese Medicine) are held and/or performed; (5) the entities and/or operations of the Company through which the Company's rights and obligations are held and/or performed under the Option Agreement, dated 5 December 1996, as amended, from the Company to MikeCo, Inc. and Troy Laboratories, Inc., and executed by the Principals (as defined therein), and the secured loans made or to be made thereunder; and (6) any other entities and/or operations of the Company that are included in the Subject Assets.

"Fair Market Value" means: (1) when used with reference to NHTC Common Stock, as of any particular date, the average of the mean of the final bid and final ask prices of the NHTC Common Stock for each trading day during the 30-day period immediately preceding such date, provided that: (i) if at the time of determination NHTC Common Stock shall be traded on a national securities exchange or quoted in an automated quotation system for which closing sale price information is published, then such average shall be of the closing sale prices of the NHTC Common Stock on each such trading day; and (ii) if on any such trading day there shall not have been reported final bid and ask prices (or, if applicable, a closing sale price) then such prices (or, if applicable, such price) shall be the final bid and ask prices (or, if applicable, the closing sale price) reported for the next preceding trading day for which such prices (or, if applicable, such price) shall have been reported; and (2) when used with reference to any Other Consideration, the fair market value thereof as determined in good faith by the Board of Directors of NHTC.

"FCSFMV" means the Fair Market Value, as of the sixtieth (60th) day after the First Contingent Shares Measure Period, of the NHTC Common Stock issued or issuable as the First Contingent Shares; provided that if no First Contingent Shares are issued then such "FCSFMV" means zero ($0).

"Firm Shares" means the shares of NHTC Common Stock issued or

issuable under Section 1.04(a).

"First Contingent Shares" means the shares of NHTC Common Stock issued or issuable under Section 1.04(b).

"First Contingent Shares Measure Period" means the twelve-month period ending June 30, 1998.

"Fruitseng Acquisition" means the Acquisition described in clause (2) of the definition of "Existing Business" in this Section 1.04(c).

"Fruitseng Acquisition Agreement" means that certain Assets Purchase Agreement, dated as of October 15, 1996, by and among the Company, Fruitseng Inc. (now, Maine Naturals, Inc.), Downeast Cranberry Company, Inc. and Robert E. Cleaves, IV, Stephen W. Batzell, Thomas P. Pinansky, John M. Eldredge and Robert C. Bruce, as the same may be supplemented, modified, amended and/or restated from time to time.

"FSFMV" means the Fair Market Value, as of the Closing Date, of the NHTC Common Stock issued or issuable as the Firm Shares.

"GAAP" means United States generally accepted accounting principles.

"MikeCo Acquisition" means any "Acquisition Transaction" effected pursuant to (and as defined in) the MikeCo Option Agreement.

"MikeCo Option Agreement" means the Option Agreement referred to in clause (5) of the definition of "Existing Company Business" in this Section 1.02(b), as the same may be supplemented, modified, amended and/or restated from time to time.

"New Business" means any Business that: (i) is not an Existing Business, and (ii) is not, on or prior to the date of acquisition thereof by Holdings or any other subsidiary of NHTC, designated by the Company (or any successor or assign thereof) as an "Excluded New Business" for purposes of this Agreement.

"Other Consideration" means, when used with reference to the Acquisition Costs of any Existing Business or New Business, any consideration paid for the purchase or other acquisition thereof excluding: (i) NHTC Common Stock and (ii) any promissory notes issued by, or indebtedness assumed by, NHTC or any subsidiary thereof (including Holdings).

"Pre-Tax Earnings" means, with respect to any entity for any period, the income (or loss) from operations before income taxes (if any) of such entity for such period plus any non-cash charges (such as, without limitation, depreciation and amortization) plus any extraordinary or non-recurring expenses incurred during such period related to the disposition of any Business or the revaluation of intangibles.

"Second Contingent Shares" means the shares of NHTC Common Stock issued or issuable under Section 1.04(c).

"Second Contingent Shares Measure Period" means the twelve-month period ending June 30, 2000.

(e) No First Contingent Shares shall be issued if the formula provided under Section 1.04(b) above yields a zero or negative value, and no Second Contingent Shares shall be issued if the formula provided under Section 1.04(c) above yields a zero or negative value; and in either such event NHTC shall have no claim or cause of action against the Company, its successors or assigns or any other person or entity (without prejudice, however, to the rights of NHTC under Article VIII).

SECTION 1.05. Tax Values. The respective fair market values of the discrete items (or categories of items) of Subject Assets as of the Closing

Date, the respective values (for tax purposes) of the discrete items (or categories of items) of Assumed Liabilities as of the Closing Date, and the allocation of the respective values of the Firm Shares and Assumed Liabilities among the Subject Assets, shall be determined as soon as practicable after the Closing Date (but in no event later than 60 days thereafter) through such methodologies (including mutual agreement) as the parties hereto shall agree. The parties hereto shall prepare their respective federal, state, local and foreign income tax returns employing such valuations and shall not take a position in any tax proceeding or tax audit, or otherwise, inconsistent with such valuations; provided, however, that nothing

contained in this Section 1.05 shall require any party to contest beyond (or otherwise than by) the exhaustion of administrative remedies before any taxing authority or agency, and no party shall be required to litigate before any court, including, without limitation, United States Tax Court, any proposed deficiency or adjustment by any taxing authority or agency which challenges any such valuation. Each party hereto shall give each other party hereto (i) prompt notice of the commencement of any tax audit or the assertion of any proposed deficiency or adjustment by any taxing authority or agency which challenges any such valuation and (ii) the opportunity to participate in any tax audit or tax proceeding which challenges any such valuation.

SECTION 1.06. "Main Transaction" and "Transactions" Defined. The transactions provided for above in this Article I are hereinafter sometimes referred to as the "Main Transaction"; and the Main Transaction and other transactions contemplated by this Agreement are hereinafter sometimes referred to as the "Transactions".

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to NHTC and Holdings (collectively, the "NHTC Parties"; and each individually, an "NHTC Party") that, except as previously disclosed in writing to one or more of the NHTC Parties (in this Article II (and Section 6.01(a)), "Previously Disclosed"):

SECTION 2.01. Organization and Existence. (a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Each Subsidiary (as defined below) of the Company, all of which are included in the Subject Assets and the identities of which have been Previously Disclosed, is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each of the Company and its Subsidiaries has the full corporate power and authority to own and lease their respective properties and assets and to carry on their respective businesses as and where such properties and assets are now owned, leased and/or operated and such businesses are now conducted. The Company has heretofore made available to the NHTC Parties true, correct and complete copies of the respective certificates or articles of incorporation and by-laws (or equivalent governing instruments), each as amended to the date hereof, of the Company and each of its Subsidiaries. Each of the Company and each of its Subsidiaries is duly licensed or qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties and assets now owned and/or operated by it or the nature of the business now conducted by it requires it to be so licensed or qualified and in which failure to be so licensed or qualified could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects of the Company and its Subsidiaries, taken as a whole, or on the ability of the Company to perform its respective obligations under this Agreement and/or to consummate the Transactions (a "Company Material Adverse Effect").

(b) The Company has made available to the NHTC Parties the original or true copies of the minute books and stock transfer records of the Company and its

Subsidiaries. Such stock transfer records are current and accurate in all material respects.

(c) For the purposes of this Agreement, the term "Subsidiary" means, of any person or entity, any other entity of which the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors (or other persons performing similar functions) are directly or indirectly owned by such first person or entity. The Company does not own, directly or indirectly, any equity or proprietary interests or securities of any entity or enterprise organized under the laws of the United States, any state thereof, the District of Columbia or any other domestic or foreign jurisdiction, other than the Subsidiaries thereof Previously Disclosed.

SECTION 2.02. Consents, Authorizations and Conflicts. (a) Neither the execution and delivery by the Company of this Agreement, the Bill of Sale, the Voting Trust Agreement, the Registration Rights Agreement (as defined in Section 6.02(i) hereof) or any of the other agreements, instruments, certificates or other documents executed and delivered (or to be executed and delivered) by the Company in connection with this Agreement and/or the Transactions (collectively, the "Company Documents"), nor the consummation of the Transactions, nor the performance by the Company of any of its other obligations hereunder or thereunder, require or will require any governmental authority or private party consent, waiver, approval, authorization or exemption (collectively, "Consents") or the giving of any notice ("Notice") applicable to the Company (as opposed to NHTC and Holdings) except for such Consents and Notices: (i) that have been duly obtained (in the case of Consents) or given (in the case of Notices) and are unconditional and in full force and effect, or (ii) of which the failure to obtain (in the case of Consents) or give (in the case of Notices) could not reasonably be expected to have a Company Material Adverse Effect.

(b) This Agreement and each other Company Document has been (or prior to the Closing will be) duly authorized, executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency, fraudulent conveyance or similar laws of general application relating to or affecting the enforcement of creditors' rights. The execution and delivery by the Company of the Company Party Documents, the performance by the Company of its respective obligations thereunder, and the consummation of the Transaction, do not and will not contravene, conflict or be inconsistent with, result in a breach of, constitute a violation of or default under, or require or result in any right of acceleration or to create or impose any Lien under: (i) the Company's certificate of incorporation or by-laws, or (ii) except where such contravention, conflict, inconsistency, breach, violation, default, right or imposition could not reasonably be expected to have a Company Material Adverse Effect, and assuming satisfaction of the matters referred to in Section 2.02(a): (x) any Laws applicable or relating to the Company or any of the businesses or assets of the Company or any Subsidiary thereof, or (y) any Company Permit (as defined in Section 2.07) or Company Contract.

SECTION 2.03. Company Financial Statements. (a) The books of account and other financial and accounting records of the Company and its Subsidiaries are, and during the respective periods covered by the Company Financial

Statements (as hereinafter defined) were, correct and complete in all material respects, fairly and accurately reflect or reflected their respective income, expenses, assets and liabilities, including the nature thereof and the transactions giving rise thereto, and provide or provided a fair and accurate basis for the preparation of the Company Financial Statements. On or before April 10, 1997, the Company will deliver to the NHTC Parties the following unaudited financial statements of the Company (the "Company Financial Statements"): Consolidated Balance Sheet as of December 31, 1997 and Consolidated Statements of Income and Consolidated Statement of Cash Flows for the periods then ended. The Company Financial Statements will be prepared in conformity with GAAP, consistently applied, and will be correct and complete in

all material respects, and fairly present the consolidated financial position of the Company as of the respective dates thereof and the consolidated results of its operations and cash flows for the periods covered thereby.

(b) As of the date of this Agreement, neither the Company nor its Subsidiaries has any indebtedness, liabilities or obligations (absolute, contingent or otherwise) other than those: (i) that will be set forth or reserved against in the most recent of the Company Financial Statements, (ii) incurred since the Company Base Date in the ordinary course of its business or otherwise consistent with recent past practice that are, individually and in the aggregate, of an immaterial nature and amount, (iii) arising under $645,000 aggregate principal amount of 12 1/2% Promissory Notes of the Company ("Bridge Notes") and warrants to purchase Common Stock of the Company ("Company Warrants") issued after the Company Base Date, (iv) arising under Laws, Company Permits and/or Company Contracts, and (v) which could not reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.04. Title to Subsidiary Shares. The Company or one or more of its Subsidiaries is the record and beneficial owner of all of the outstanding capital stock of each Subsidiary of the Company, free and clear of all Liens (other than Permitted Liens).

SECTION 2.05. Company Properties; Liens. The Company has good and marketable title to the Subject Assets, free and clear of all Liens (other than Permitted Liens). Each Subsidiary of the Company has good and marketable title to its interests in its properties and assets (real, personal or mixed, tangible or intangible), free and clear of all Liens (other Permitted Liens).

SECTION 2.06. Company Insurance. The Company has heretofore delivered to the NHTC Parties a true, correct and complete list of all insurance policies and fidelity bonds covering the assets, business, equipment, properties, operations, employees, officers and directors of the Company and its Subsidiaries. There are no material claims pending under any such policies or material disputes with underwriters, and all premiums due and payable have been paid. There are no pending or threatened terminations with respect to any such policies, and the Company and its Subsidiaries are in compliance in all material respects with all conditions contained therein. All such policies are in full force and effect.

SECTION 2.07. Company Litigation and Compliance. (a) Except as Previously Disclosed or (in the case of the following clauses (iii) and (v) only) where such events or circumstances could not reasonably be expected to

have a Company Material Adverse Effect: (i) there are no governmental authority or private party actions, suits, claims, proceedings or investigations pending or threatened against the Company, any Subsidiary thereof or any Company Securityholder: (x) relating to either the Company, any Subsidiary thereof or any properties or assets now or previously owned, leased or operated by the Company or any Subsidiary thereof, (y) which questions or challenges the validity of this Agreement or any other Company Party Document or any action taken or to be taken by the Company or any Company Securityholder pursuant thereto, or (z) which questions or challenges the Company's or any of its Subsidiary's right, title or interest in or to any of its properties or assets; (ii) neither the Company nor any Subsidiary thereof is the subject of any judgment, order or decree of any governmental authority, court or arbitrator; (iii) the Company and each of its Subsidiaries is in compliance with all federal, state, local and foreign laws, statutes, ordinances, codes, judgments, orders, decrees, directives, rules and regulations of any governmental authority, court or arbitrator ("Laws") applicable or relating to its business, properties or assets; (iv) neither the Company nor any of its Subsidiaries has engaged in any unfair trade practice, committed any commercial or other fraud, paid or provided any kickbacks, bribes or other gratuitous goods or services in order to solicit, secure or maintain any business or commercial relationship, or committed any act or omission actionable under the federal Racketeer Influenced and Corrupt Organizations Act, as amended ("RICO"), or any similar state Laws, or under the federal Foreign Corrupt Practices Act (assuming for this purpose that the Company has securities registered under Section 12 of the Securities

Exchange Act of 1934, as amended (the "Exchange Act")) or any similar state Laws, nor has any Company Securityholder or any other person or entity engaged in or committed any such acts or omissions or made any such payments in order to benefit, directly or indirectly, the Company, any Subsidiary or the prospects thereof; and (v) the Company and each Subsidiary thereof has obtained all governmental licenses, permits, rights, privileges, registrations, exemptions, required reports, franchises, authorizations and other consents which are required under any applicable Laws ("Permits") to own and/or operate the respective businesses, properties, assets and operations of the Company and its Subsidiaries ("Company Permits"). All Company Permits are valid and in full force and effect, and there exists no default or violation by the Company under any Company Permit which could reasonably be expected to have a Company Material Adverse Effect. No event, act or omission has occurred which has resulted, or (with or without notice, the passage of time or both) could reasonably be expected to result, in the revocation or non-renewal of any Company Permit the revocation or non-renewal of which could reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.08. Company Contracts. (a) In this Agreement, the term: (i) "Contract" means any contract, agreement, instrument, undertaking, bid, commitment or arrangement, written or oral, of any kind or description whatsoever (including without limitation all leases (of real or personal property), licenses, indentures, credit agreements, debt instruments, guarantees, mortgages, security agreements, joint venture agreements, company or business acquisition or disposition agreements, concession agreements, management agreements, consulting agreements, employment agreements, powers of attorney, agency agreements, equipment purchase orders, customer purchase orders, supply orders, indemnity agreements, and agreements or covenants not to compete); and (ii) the term "Company Contract" means any Contract to which the Company or any of its Subsidiaries is a party or by which any of their properties or assets are subject or bound.

(b) The Company has Previously Disclosed all Company Contracts (other than routine purchase or supply orders, those for routine services provided to the Company or a Subsidiary thereof, and those terminable at will or upon 60 days' or less notice without the payment of any penalty, bonus, severance payment or additional compensation) existing on the date hereof, and provided to the NHTC Parties true, complete and correct copies of all such Company Contracts requested to be reviewed thereby. Except where such event or circumstance could not reasonably be expected to have a Company Material Adverse Effect: (i) all Company Contracts are in full force and effect in accordance with the written terms thereof, and there are no outstanding defaults by the Company, any Subsidiary thereof or any other party under any Company Contract, (ii) no event, act or omission has occurred which has resulted, or (with or without notice, the passage of time or both) could reasonably be expected to result, in a default under any Company Contract, and (iii) no other party to any Company Contract has asserted the right, and no such party has any right, to renegotiate or modify the terms or conditions of any Company Contract.

SECTION 2.09. Company Taxes. (a) The Company and each Subsidiary thereof have filed all Tax returns required to be filed by them, which returns are complete and correct in all material respects, and neither the Company nor any Subsidiary is in default in the payment of any Taxes which were payable pursuant to said return, except where the failure to so file or such default could not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any Subsidiary thereof has, since their respective inceptions, been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code. As of December 31, 1996, the Company and each of its Subsidiaries has paid or accrued on its books and records all liability for Taxes with respect to all periods or portions thereof ending on or before such date. For the period January 1, 1997 through the Closing Date, neither the Company nor any Subsidiary thereof has incurred any liability for Taxes other than Taxes arising in the ordinary course of business with respect to such period. Neither the Company nor any Subsidiary thereof: (i) is under audit, examination or review by any taxing authority nor has any such audit, examination or review been threatened; (ii) has received notice of any proposed or actual assessment or deficiency with respect to Taxes; (iii) has extended the

statute of limitation with respect to the assessment or collection of any Taxes.

(b) For purposes of this Agreement, the terms "Tax" or "Taxes" mean all taxes, charges, levies or other like assessments, including without limitation all net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, capital, payroll, employment, excise, stamp, property or other taxes, together with any interest and any penalties, additions to tax or additional amounts imposed by any federal, state, local or foreign governmental authority.

SECTION 2.10. Company Employee Plans. (a) Except as Previously Disclosed, there is no, and has not been for the five-year period preceding the Closing Date any, "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) which (x) is or was subject to any provision of ERISA, and (y) is or was maintained, administered or contributed to by the Company or any ERISA Affiliate (as defined below) thereof that covers any employee or former employee of the Company or any ERISA Affiliate thereof or under which the Company or any such ERISA Affiliate has any material liability, which has not, as of the date hereof,

been disclosed in writing to NHTC and a copy thereof delivered to the NHTC Parties. Such plans are hereinafter referred to collectively as the "Company Employee Plans"; and for purposes of this Agreement, "ERISA Affiliate" means, of any person or entity, any other person or entity which is a member of a controlled group of corporations with such person (within the meaning of Section 414(b), 414(c) or 414(m) of the Code).

(b) Except as Previously Disclosed, there are no material liabilities relating to any Company Employee Plan. Prior to the date hereof there has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its ERISA Affiliates relating to, or change in employee participation or coverage under, any Company Employee Plan which would increase the expense of maintaining such Company Employee Plan above the level of the expense incurred in respect thereof for the fiscal quarter ended on December 31, 1996. Each Company Employee Plan is and has been since inception in compliance in all material respects with the applicable provisions of ERISA and the applicable provisions of the Code. All contributions required to be made to each Company Employee Plan have been timely made. Each Company Employee Plan intended to be qualified under Section 401 of the Code (if any) is so qualified and has received a favorable determination letter from the U.S. Internal Revenue Service ("IRS"). No Company Employee Plan is or was a "defined benefit plan", as defined in Section 3(35) of ERISA, or a "multiemployer plan", as defined in Section 3(37)(A) of ERISA. There are no pending or threatened investigations, audits, examinations or inquiries by any governmental authority involving any Company Employee Plan, no threatened or pending claims (except for claims for benefits payable in the ordinary course), suits or proceedings against any Company Employee Plan or asserting any rights or claims to benefits under any Company Employee Plan which could give rise to any liability, nor are there any facts which could give rise to any liability in the event of any such investigation, audit, examination, inquiry, claim, suit or proceeding.

SECTION 2.11. Company Environmental Compliance. (a) Except where such events or circumstances could not reasonably be expected to have a Company Material Adverse Effect: (i) the respective properties and operations of the Company and its Subsidiaries are in compliance with all applicable Laws and Permits regulating, relating to or imposing liability or standards of conduct relating to environmental matters or the protection of human health or the environment ("Environmental Laws"); (ii) neither the Company nor any Subsidiary thereof has received any citation, summons, order, complaint, penalty, investigation or review, or request for information or other action, by any governmental authority or private party with respect to any: (x) alleged violation by the Company or any Subsidiary thereof of any Environmental Laws, (y) alleged failure by the Company or any Subsidiary thereof to have any Permit under any Environmental Laws, or (z) use, possession, generation, treatment, storage, recycling, transportation or disposal (collectively "Management") or "release" (as defined in the Comprehensive Environmental Response, Compensation and Liability of Act of 1980, as amended ("CERCLA")) of any Hazardous Material (as hereinafter defined) by or on behalf of the Company or any Subsidiary

thereof; and (iii) no Hazardous Material Managed by or on behalf of the Company or any Subsidiary thereof has been "released" on any property of the Company or any Subsidiary thereof, or has come to be located at any site (including any property of the Company or any Subsidiary thereof) which is listed or proposed for listing on the National Priority List under CERCLA, the federal Comprehensive Environmental Response, Compensation and Liability Information System

("CERCLIS") or on any similar state list, or which is the subject of federal, state or local enforcement actions or other investigations which may lead to claims for investigation, clean-up costs, remedial work, damages to natural resources or for personal injury claims, including, but not limited to, claims under CERCLA.

(b) For purposes of this Agreement, the term "Hazardous Material" means and includes any hazardous or toxic or polluting substance or waste, including petroleum products and radioactive materials.

SECTION 2.12. Finder's Fees. Except as Previously Disclosed, there is no investment banker, broker, finder or other intermediary which has been retained by, or is authorized to act on behalf of, the Company, any Subsidiary of the Company or any principal stockholder of the Company who may be entitled to any fee or commission from either of the NHTC Parties or any of their respective affiliates upon consummation of, or otherwise in connection with, the Transaction.

SECTION 2.13. Absence of Certain Changes. Since the Company Base Date, except as Previously Disclosed or as consented to by either of the NHTC Parties: (A) the Company and its Subsidiaries have conducted their respective businesses only in the ordinary course and/or otherwise consistent with recent past practice; (B) there has been no material adverse change in the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects of the Company and its Subsidiaries, taken as a whole, or on the ability of the Company to perform its respective obligations under this Agreement and to consummate the Transactions; and (C) without intending to limit the generality of the foregoing, neither the Company nor any Subsidiary thereof has:

(i) amended its certificate or articles of incorporation or by-laws;

(ii) made or agreed to make any increase in the compensation payable to any officer, director, employee, consultant, agent or representative, or paid or agreed to pay any bonus or extraordinary compensation to any such person;

(iii) entered into or completed any transaction or Company Contract, or amended or terminated any transaction or Company Contract, except: (1) Bridge Notes and Company Warrants, substantially similar to those in existence at the date hereof, issued to new investors in the Company, and (2) transactions and agreements entered into in the ordinary course of business and/or otherwise consistent with recent past practice;

(iv) cancelled or waived any claim or right of substantial value;

(v) increased (or experienced any adverse change in any assumption underlying any method of calculating) bad debts, contingencies or other reserves from that reflected in the Company Financial Statements;

(vi) sold, assigned, transferred, licensed or otherwise disposed of, encumbered, permitted to lapse, or suffered any Lien (other than Permitted

Liens) on or with respect to, any of its properties or assets, except in the ordinary course of business or otherwise pursuant to Company Contracts Previously Disclosed;

(vii) issued or sold any debt securities (other than Bridge Notes, substantially similar to those in existence at the date hereof), or granted any rights calling for the issuance or sale of any debt securities (including without limitation options, warrants, convertible or exchangeable securities or similar rights) (other than Company Warrants Notes, substantially similar to those in existence at the date hereof);

(viii) created or otherwise become liable with respect to any indebtedness for borrowed money (except Bridge Notes) or the purchase of property, plant or equipment;

(ix)guaranteed, indemnified or otherwise became liable for the obligations or liabilities of another person or entity; or

(x) agreed or committed, whether or not in writing, to do any of the foregoing.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE NHTC PARTIES

Each of NHTC and Holdings hereby represents and warrants to the Company that, except as previously disclosed in the SEC Filings (as defined in Section 3.12) or otherwise in writing to the Company (in this Article III (and Section 6.02(a)), "Previously Disclosed"):

SECTION 3.01. Organization and Existence. (a) NHTC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida. Holdings is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Each other Subsidiary of NHTC, the identities of which has been Previously Disclosed, is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each of NHTC and its Subsidiaries has the full corporate power and authority to own and lease their respective properties and assets and to carry on their respective businesses as and where such properties and assets are now owned and/or operated and such businesses are now conducted. NHTC has heretofore made available to the Company true, correct and complete copies of the respective certificates or articles of incorporation and by-laws (or equivalent governing instruments), each as amended to the date hereof, of NHTC, Holdings and each other Subsidiary of NHTC. Each of NHTC and each of its Subsidiaries is duly licensed or qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties and assets now owned and/or operated by it or the nature of the business now conducted by it requires it to be so licensed or qualified and in which failure to be so licensed or qualified could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects of NHTC and its Subsidiaries, taken as a

whole, or on the ability of NHTC or Holdings to perform their respective obligations under this Agreement and/or to consummate the Transactions (an "NHTC Material Adverse Effect").

(b) NHTC does not own, directly or indirectly, any equity or proprietary interests or securities of any entity or enterprise organized under the laws of the United States, any state thereof, the District of Columbia or any other domestic or foreign jurisdiction, other than Subsidiaries thereof Previously Disclosed.

(c) Holdings is a special purpose corporation formed solely for the purpose of engaging in the Transactions. Holdings has virtually no assets or liabilities, and since the date of its incorporation Holdings has not engaged in any business or other activities except in connection with the Transactions.

SECTION 3.02. Consents, Authorizations and Conflicts. (a) Neither the execution and delivery by the Voting Trustee of the Voting Trust Agreement nor the execution and delivery by the NHTC Parties of this Agreement, the Bill of Sale (in the case of Holdings), the Registration Rights Agreement (in the case of NHTC) or any of the other agreements, instruments, certificates or other documents executed and delivered (or to be executed and delivered) by either NHTC Party in connection with this Agreement and/or the Transactions (collectively (including the Voting Trust Agreement), the "NHTC Party Documents"), nor the consummation of the Transaction, nor the performance by either NHTC Party or the Voting Trustee of their other respective obligations thereunder, require any Consent or any Notice applicable to either NHTC Party or the Voting Trustee (as opposed to any Company Party) (including without limitation such Consents and Notices as may be necessary or appropriate in order to preserve for (x) the educational/vocational operations and facilities of NHTC and its Subsidiaries (the "NHTC Educational Facilities") their accredited status, and (y) students of the NHTC Educational Facilities, as such, access to the financial aid programs to which they currently have access, at substantially current levels) except for such Consents and Notices: (i) that have been duly obtained (in the case of Consents) or given (in the case of Notices) and are unconditional and in full force and effect, or (ii) of which the failure to obtain (in the case of Consents) or give (in the case of Notices) could not reasonably be expected to have an NHTC Material Adverse Effect.

(b) This Agreement and each other NHTC Party Document has been (or prior to the Closing will be) duly authorized, executed and delivered by the NHTC Party(ies) party thereto and constitute the legal, valid and binding obligations of the NHTC Party(ies) party thereto enforceable against such NHTC Party(ies) in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency, fraudulent conveyance or similar laws of general application relating to or affecting the enforcement of creditors' rights. The execution and delivery by the NHTC Parties and the Voting Trustee of the NHTC Party Documents to which they are respectively a party, the performance by the NHTC Parties and the Voting Trustee of their respective obligations thereunder, and the consummation of the Transaction, do not will not contravene, conflict or be inconsistent with, result in a breach of, constitute a violation of or default under, or require or result in any right of acceleration or to create or impose any Lien under: (i) either NHTC Party's certificate or articles of incorporation or by-laws, or (ii) except where such contravention, conflict, inconsistency, breach,

violation, default, right or imposition could not reasonably be expected to have an NHTC Material Adverse Effect, and assuming satisfaction of the matters referred to in Section 3.02(a): (x) any Laws applicable or relating to either NHTC Party or the Voting Trustee or any of the businesses or assets of NHTC or any Subsidiary thereof, or (y) any NHTC Permit (as defined in Section 3.07) or NHTC Contract (as defined in Section 3.08).

SECTION 3.03. NHTC Financial Statements. (a) The books of account and other financial and accounting records of NHTC and its Subsidiaries are, and during the respective periods covered by the NHTC Financial Statements (as hereinafter defined) were, correct and complete in all material respects, fairly and accurately reflect or reflected their respective income, expenses, assets and liabilities, including the nature thereof and the transactions giving rise thereto, and provide or provided a fair and accurate basis for the preparation of the NHTC Financial Statements. Such books of account and records have been maintained in accordance with the Exchange Act and all applicable rules and regulations of: (i) the U.S. Securities and Exchange Commission ("SEC"), (ii) the U.S. Department of Education ("USDOE"), (iii) the Florida Department of Education and its State Board of Independent Postsecondary, Vocational, Technical, Trade and Business Schools (the "Florida State Board"), and (iv) all applicable accreditation bodies who have presently accredited any of the NHTC Educational Facilities. Prior to the date hereof NHTC has delivered to the

Company the audited and unaudited financial statements of NHTC appearing in the SEC Filings (the "NHTC Financial Statements"). The NHTC Financial Statements include the consolidated balance sheet of NHTC as of September 30, 1996 (the "NHTC Base Date"). The NHTC Financial Statements have been prepared in conformity with GAAP, consistently applied, are correct and complete in all material respects, and fairly present the consolidated financial position of NHTC as of the respective dates thereof and the consolidated results of its operations and cash flows for the periods covered thereby.

(b) As of the date of this Agreement, neither NHTC nor its Subsidiaries has any indebtedness, liabilities or obligations (absolute, contingent or otherwise) other than those: (i) set forth or reserved against in the most recent of the NHTC Financial Statements, (ii) incurred since the NHTC Base Date in the ordinary course of its business or otherwise consistent with recent past practice that are, individually and in the aggregate, of an immaterial nature and amount, (iii) arising under Laws, NHTC Permits and/or NHTC Contracts, and (iv) which could not reasonably be expected to have an NHTC Material Adverse Effect.

SECTION 3.04. NHTC Capitalization. (a) The authorized capital stock of NHTC consists of: (i) 40,000,000 shares of NHTC Common Stock, of which (A) 11,900,471 shares are issued and outstanding, (B) 648,666 shares are reserved for issuance under outstanding options granted under the NHTC Plan prior to the date hereof, (C) _____ shares are reserved for issuance under Class A Warrants and Class B Warrants (collectively, "NHTC Warrants") issued prior to the date hereof, and (D) 5,800,000 are reserved for issuance as the Firm Shares; and (ii) 1,500,000 shares of undesignated Preferred Stock, par value $.001 per share, none of which are issued or outstanding. All of the shares described in the foregoing clause (i)(A) have been, and all of the Firm Shares, Contingent Shares and shares of NHTC Common Stock to be issued in lieu of the shares of Company Common Stock issuable pursuant to Section 1.04(b) of the Fruitseng Acquisition Agreement (as such provision shall be modified and

amended as contemplated under Section 9.02 hereof) will (upon the issuance and delivery of certificates therefor) be, duly authorized, validly issued, fully paid and nonassessable, and no personal liability attaches to, or will attach to, the ownership thereof. Except as Previously Disclosed or hereinabove described, there are no issued, outstanding or existing: (1) preemptive or similar rights with respect to the issuance or sale of any capital stock of NHTC; (2) securities convertible into or exchangeable for any shares of capital stock of NHTC or any Subsidiary thereof; (3) options, warrants or other rights to purchase or subscribe for any shares of capital stock of NHTC or for securities convertible into or exchangeable for any shares of capital stock of the NHTC or any Subsidiary thereof; or (4) agreements or commitments of any kind or description relating to the issuance or purchase of any shares of capital stock of NHTC or any Subsidiary thereof, any such convertible or exchangeable securities or any such options, warrants or other rights.

(b) NHTC or one or more of its Subsidiaries is the record and beneficial owner of all of the outstanding capital stock of each Subsidiary of NHTC, free and clear of all Liens (other than Permitted Liens). Holdings is a direct, wholly-owned subsidiary of NHTC.

SECTION 3.05. NHTC Properties; Liens. Each of NHTC and each of its Subsidiaries has good and marketable title to its interests in its properties and assets (real, personal or mixed, tangible or intangible), free and clear of all Liens (other than Permitted Liens).

SECTION 3.06. NHTC Insurance. NHTC has heretofore delivered to the Company a true, correct and complete list of all insurance policies and fidelity bonds covering the assets, business, equipment, properties, operations, employees, officers and directors of NHTC and its Subsidiaries. There are no material claims pending under any such policies or material disputes with underwriters, and all premiums due and payable have been paid. There are no pending or threatened terminations with respect to any such policies, and NHTC and its Subsidiaries are in compliance in all material respects with all conditions contained therein. All such policies are in full force and effect.

SECTION 3.07. NHTC Litigation and Compliance. (a) Except as Previously Disclosed or (in the case of the following clauses (iii) and (v) only) where such events or circumstances could not reasonably be expected to have an NHTC Material Adverse Effect: (i) there are no governmental authority or private party actions, suits, claims, proceedings or investigations pending or threatened against NHTC, Holdings, any other Subsidiary of NHTC or any principal stockholder thereof: (x) relating to either NHTC, Holdings, any other Subsidiary of NHTC or any properties or assets now or previously owned, leased or operated by NHTC, Holdings or any other Subsidiary of NHTC, (y) which questions or challenges the validity of this Agreement or any other NHTC Party Document or any action taken or to be taken by NHTC or Holdings pursuant thereto, or (z) which questions or challenges NHTC's or any of its Subsidiary's right, title or interest in or to any of its properties or assets; (ii) neither NHTC, Holdings nor any other Subsidiary of NHTC is the subject of any judgment, order or decree of any governmental authority, court or arbitrator; (iii) NHTC and each of its Subsidiaries is in compliance with all Laws applicable or relating to its business, properties or assets; (iv) neither NHTC nor any of its Subsidiaries has engaged in any unfair trade practice, committed any

commercial or other fraud, paid or provided any kickbacks, bribes or other gratuitous goods or services in order to solicit, secure or maintain any business or commercial relationship, or committed any act or omission actionable under RICO or any similar state Laws, or under the federal Foreign Corrupt Practices Act or any similar state Laws, nor has any principal stockholder or any other person or entity engaged in or committed any such acts or omissions or made any such payments in order to benefit, directly or indirectly, NHTC, any Subsidiary or the prospects thereof; and (v) NHTC and each Subsidiary thereof has obtained all Permits to own and/or operate the respective businesses, properties, assets and operations of the Company and its Subsidiaries (including without limitation such Permits as may be necessary or appropriate in order afford to students of the NHTC Educational Facilities, as such, access to the financial aid programs described in the SEC Filings, at substantially current levels) ("NHTC Permits"). All NHTC Permits are valid and in full force and effect, and there exists no default or violation by the Company under any Company Permit which could reasonably be expected to have an NHTC Material Adverse Effect. No event, act or omission has occurred which has resulted, or (with or without notice, the passage of time or both) could reasonably be expected to result, in the revocation or non-renewal of any NHTC Permit the revocation or non-renewal of which could reasonably be expected to have an NHTC Material Adverse Effect.

SECTION 3.08. NHTC Contracts. (a) In this Agreement, the term "NHTC Contract" means any Contract to which NHTC, Holdings or any other Subsidiary of NHTC is a party or by which any of their properties or assets are subject or bound.

(b) NHTC has Previously Disclosed all NHTC Contracts (other than routine purchase or supply orders, those for routine services provided to the Company or a Subsidiary thereof, and those terminable at will or upon 60 days' or less notice without the payment of any penalty, bonus, severance payment or additional compensation) existing on the date hereof, and provided to the Company true, complete and correct copies of all such NHTC Contracts requested to be reviewed thereby. Except where such event or circumstance could not reasonably be expected to have an NHTC Material Adverse Effect: (i) all NHTC Contracts are in full force and effect in accordance with the written terms thereof, and there are no outstanding defaults by NHTC, any Subsidiary thereof or any other party under any NHTC Contract, (ii) no event, act or omission has occurred which has resulted, or (with or without notice, the passage of time or both) could reasonably be expected to result, in a default under any NHTC Contract, and (iii) no other party to any NHTC Contract has asserted the right, and no such party has any right, to renegotiate or modify the terms or conditions of any NHTC Contract.

SECTION 3.09. NHTC Taxes. NHTC and each Subsidiary thereof have filed all Tax returns required to be filed by them, which returns are complete and correct in all material respects, and neither NHTC nor any Subsidiary is in default in the payment of any Taxes which were payable pursuant to said returns, except where the failure to so file or such default could not reasonably be

expected to have an NHTC Material Adverse Effect. Neither NHTC nor any Subsidiary thereof has, for the five-year period preceding the Closing Date, been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code. As of December 31, 1996, the Company and each of its Subsidiaries has paid or accrued on its books and records all liability for Taxes with respect to all periods or portions thereof ending on or before such date. For the period

January 1, 1997 through the Closing Date, neither the Company nor any Subsidiary thereof has incurred any liability for Taxes other than Taxes arising in the ordinary course of business with respect to such period. Neither the Company nor any Subsidiary thereof: (i) is under audit, examination or review by any taxing authority nor has any such audit, examination or review been threatened; (ii) has received notice of any proposed or actual assessment or deficiency with respect to Taxes; (iii) has extended the statute of limitation with respect to the assessment or collection of any Taxes.

SECTION 3.10. NHTC Employee Plans. (a) Except as Previously Disclosed, there is no, and has not been for the five-year period preceding the Closing Date any, "employee benefit plan" (as defined in Section 3(3) of ERISA) which (x) is or was subject to any provision of ERISA, and (y) is or was maintained, administered or contributed to by NHTC or any ERISA Affiliate thereof that covers any employee or former employee of NHTC or any ERISA Affiliate thereof or under which NHTC or any such ERISA Affiliate has any material liability, which has not, as of the date hereof, been disclosed in writing to the Company and a copy thereof delivered to the Company. Such plans are hereinafter referred to collectively as the "NHTC Employee Plans".

(b) Except as Previously Disclosed, there are no material liabilities relating to any NHTC Employee Plan. Prior to the date hereof there has been no amendment to, written interpretation or announcement (whether or not written) by NHTC or any of its ERISA Affiliates relating to, or change in employee participation or coverage under, any NHTC Employee Plan which would increase the expense of maintaining such NHTC Employee Plan above the level of the expense incurred in respect thereof for the fiscal quarter and fiscal year ended on December 31, 1996. Each NHTC Employee Plan is and has been since inception in compliance in all material respects with the applicable provisions of ERISA and the applicable provisions of the Code. All contributions required to be made to each NHTC Employee Plan have been timely made. Each NHTC Employee Plan intended to be qualified under Section 401 of the Code (if any) is so qualified and has received a favorable determination letter from the IRS. No NHTC Employee Plan is or was a "defined benefit plan", as defined in Section 3(35) of ERISA, or a "multiemployer plan", as defined in Section 3(37)(A) of ERISA. There are no pending or threatened investigations, audits, examinations or inquiries by any governmental authority involving any NHTC Employee Plan, no threatened or pending claims (except for claims for benefits payable in the ordinary course), suits or proceedings against any NHTC Employee Plan or asserting any rights or claims to benefits under any NHTC Employee Plan which could reasonably be expected to give rise to any liability, nor are there any facts which could give rise to any liability in the event of any such investigation, audit, examination, inquiry, claim, suit or proceeding.

SECTION 3.11. NHTC Environmental Compliance. Except where such events or circumstances could not reasonably be expected to have an NHTC Material Adverse Effect: (i) the respective properties and operations of NHTC and its Subsidiaries are in compliance with all applicable Environmental Laws; (ii) neither NHTC nor any Subsidiary thereof has received any citation, summons, order, complaint, penalty, investigation or review, or request for information or other action, by any governmental authority or private party with respect to any: (x) alleged violation by NHTC or any Subsidiary thereof of any Environmental Laws, (y) alleged failure by NHTC or any Subsidiary thereof to have any Permit under any Environmental Laws, or (z) Management or "release" (as defined in

CERCLA) of any Hazardous Material by or on behalf of NHTC or any Subsidiary thereof; and (iii) no Hazardous Material Managed by or on behalf of NHTC or any Subsidiary thereof has been released on any property of NHTC or any Subsidiary thereof, or has come to be located at any site (including any property of NHTC or any Subsidiary thereof) which is listed or proposed for listing on the National Priority List under CERCLA, CERCLIS or on any similar state list, or which is the subject of federal, state or local enforcement actions or other investigations which may lead to claims for investigation, clean-up costs, remedial work, damages to natural resources or for personal injury claims, including, but not limited to, claims under CERCLA.

SECTION 3.12. SEC Filings. NHTC has previously delivered to the Company true, correct and complete copies of the following documents filed with the SEC (collectively, the "SEC Filings"): (i) NHTC's annual reports on Form 10-K for its fiscal years ended December 31, 1995 and December 31, 1996, (ii) NHTC's quarterly reports on Form 10-Q for its fiscal quarters ended March 31, 1996, June 30, 1996 and September 30, 1996, (iii) NHTC's proxy or information statements relating to meetings of, or actions taken without a meeting by the stockholders of NHTC held since January 1, 1993, and (iv) all of its other reports, registration statements (including under the Securities Act of 1933, as amended (the "Securities Act")) and other filings (including amendments) filed by NHTC with the SEC since January 1, 1996. Each SEC Filing filed under the Exchange Act contains the disclosures required to be made therein under the Exchange Act and, as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each SEC Filing filed under the Securities Act contains the disclosures required to be made therein under the Securities Act and, as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

SECTION 3.13. Finder's Fees. Except as Previously Disclosed, there is no investment banker, broker, finder or other intermediary which has been retained by, or is authorized to act on behalf of, NHTC, Holdings, any other Subsidiary of NHTC or principal stockholder of NHTC who may be entitled to any fee or commission from any of the Company Parties or any of their respective affiliates upon consummation of, or otherwise in connection with, the Transaction.

SECTION 3.14. Absence of Certain Changes. Since the NHTC Base Date, except as Previously Disclosed or as consented to by the Company: (A) NHTC and its Subsidiaries have conducted their respective businesses only in the ordinary course and/or otherwise consistent with recent past practice; (B) there has been no material adverse change in the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects of NHTC and its Subsidiaries, taken as a whole, or on the ability of the NHTC Parties to perform their respective obligations under this Agreement and to consummate the Transaction; and (C) without intending to limit the generality of the foregoing, neither NHTC, Holdings Company nor any other Subsidiary of NHTC has:

(i) amended its certificate or articles of incorporation or by-laws;

(ii) made or agreed to make any increase in the compensation payable to any officer, director, employee, consultant, agent or representative, or paid or agreed to pay any bonus or extraordinary compensation to any such person;

(iii) entered into or completed any transaction or Company Contract, or amended or terminated any transaction or Company Contract, except: (1) the offer and issuance of shares of NHTC Common Stock in an offering exempt from the registration requirements of the Securities Act under Regulation S (the "Reg. S Offering"), and (2) transactions and agreements entered into in the ordinary course of business and/or

are consistent with recent past practice;

(iv) cancelled or waived any claim or right of substantial value;

(v) increased (or experienced any adverse change in any assumption underlying any method of calculating) bad debts, contingencies or other reserves from that reflected in the NHTC Financial Statements;

(vi) sold, assigned, transferred, licensed or otherwise disposed of, encumbered, permitted to lapse, or suffered any Lien (other than Permitted Liens) on or with respect to, any of its properties or assets, except in the ordinary course of business or otherwise pursuant to NHTC Contracts Previously Disclosed;

(vii) declared, paid or set aside for payment any dividend or other distribution (whether in cash, securities or other property) in respect of any of its capital stock;

(viii) issued or sold any shares of its capital stock (other than NHTC Common Stock pursuant to the Reg. S Offering) or debt securities, or granted any rights calling for the issuance or sale of any of the foregoing (including without limitation options, warrants, convertible or exchangeable securities or similar rights);

(ix) purchased, redeemed or otherwise acquired (whether or not for value) any shares of its capital stock;

(x) created or otherwise became liable with respect to any indebtedness for borrowed money or the purchase of property, plant or equipment;

(xi) guaranteed, indemnified or otherwise become liable for the obligations or liabilities of another person or entity; or

(xii) agreed or committed, whether or not in writing, to do any of the foregoing.

SECTION 3.15. Nature of Transaction. NHTC acknowledges that the Main Transaction is a purchase of a business in its entirety as a going concern to be directed and operated by NHTC, and not an investment in, or a purchase and sale of, securities under the Securities Act, Exchange Act or the securities or Blue Sky laws of any state ("Blue Sky Laws"). NHTC is acquiring its 100% ownership interest in the Subsidiaries of the Company for its own account for strategic business purposes and with no present intention of offering, selling or distributing of all or any part of such interest.

ARTICLE IV
OTHER REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Acquisition for Investment. (a) The Company hereby acknowledges its understanding that the Firm Shares and any Contingent Shares to be acquired by it (or by the Voting Trustee for its benefit) under Article I (collectively, the "Main Transaction Shares") are not registered under the Securities Act, or registered or qualified under any Blue Sky Laws, on the grounds that the offering, sale, issuance and delivery thereof are exempt from the registration and/or qualification requirements thereof, and that NHTC's reliance on such exemption is predicated in part on the following representation, warranties, covenants, agreements and acknowledgments of the Company. The Company hereby represents and warrants to and covenants and agrees with NHTC that the Company: (1) has been furnished with all information which the Company deems necessary to evaluate the merits and risks of the acquisition of the Main Transaction Shares; (2) has had the opportunity to ask questions and receive answers concerning the information received about the Main Transaction Shares and NHTC; (3) has been given the opportunity to obtain any additional information the Company deems necessary to verify the accuracy of any

information obtained concerning the Main Transaction Shares and NHTC; (4) by reason of its business and financial experience, and the business and financial experience of those persons, if any, retained by the Company to advise it with respect to such the Company's investment in the Main Transaction Shares, the Company, together with such advisors (if any), has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of an investment in the Main Transaction Shares; (5) is acquiring the Main Transaction Shares for the Company's own account for investment purposes and with no present intention of offering, selling or distributing of all or any part of the Main Transaction Shares (or any interest therein), except as set forth in Section 4.01(b) below; (6) received the offer to invest in the Main Transaction Shares on a personal contact basis and not by means of any general solicitation or general advertising; (7) understands that: (i) the Main Transaction Shares have not been registered or qualified under the Securities Act or any Blue Sky Laws and cannot be resold unless the Main Transaction Shares are subsequently so registered and qualified or an exemption from such registration and qualification is available, and (ii) neither NHTC nor any other person is obligated to effect such registration or qualification (except to the extent provided in the Registration Rights Agreement); (8) will not offer, sell, transfer, distribute or otherwise dispose of the Main Transaction Shares except in compliance with the Securities Act and all applicable Blue Sky Laws; (9) has adequate means of providing for the Company's current needs and foreseeable contingencies and has no need for its investment in the Main Transaction Shares to be liquid; (10) is able to bear the economic risk of the investment in the Main Transaction Shares indefinitely; (11) is currently able to afford the complete loss of such investment; and (12) consents to the placing of a legend

on the certificate(s) representing the Main Transaction Shares stating that such securities have not been registered under the Securities Act and setting forth the restrictions on transfer contemplated hereby and to the placing of a stop transfer order on the books of NHTC (and any transfer agent thereof) against the Main Transaction Shares until the same may be legally resold or distributed.

(b) NHTC hereby: (1) acknowledges its understanding that it is the present intention of the Company to distribute, assign and/or otherwise transfer to its stockholders, on a pro rata basis and as part of a complete liquidation of the Company: (i) the Company's beneficial interest under the Voting Trust to the Firm Shares, (ii) the Company's rights under this Agreement to receive the First Contingent Shares (and all rights and claims associated therewith), and the Company's beneficial interest under the Voting Trust to the First Contingent Shares (if any), (iii) the Company's rights under this Agreement to receive the Second Contingent Shares (and all rights and claims associated therewith); and (iv) the Company's rights under the Registration Rights Agreement (such rights under this Agreement and the Registration Rights Agreements, the "Associated Rights"); (2) consents and agrees to such distribution, assignment and/or other transfer being effected; and (3) to the extent that such Main Transaction Shares and Associated Rights (or beneficial interests therein) are distributed, assigned and/or otherwise transferred to such stockholders (and subsequently assigned and/or otherwise transferred to their respective successors and assigns), to recognize for all purposes such stockholders (and such respective successors and assigns) (collectively, "Main Transaction Share Holders") as the successors and assigns to the Company with respect to the Main Transaction Shares and Associated Rights (or beneficial interests therein, as appropriate) (subject to the terms and conditions of this Agreement and the Registration Rights Agreement); provided, however, that prior to or simultaneously with any such distribution, assignment and/or other transfer of any Main Transaction Shares and/or Associated Rights the Company or transferring/assigning Main Transaction Share Holders shall obtain, for the benefit of NHTC (among others), representations, warranties, covenants, agreements and acknowledgments from its transferee substantially similar to (or, at the transferor's option, more favorable to NHTC than) those of the Company set forth above in Section 4.01(a).

SECTION 4.02. No Other Representations and Warranties. Each party hereto acknowledges and agrees that no other party hereto has made to any other party hereto (or to any other person or entity) any representation or warranty with respect to this Agreement and/or the Transactions other than those expressly set forth in Article II, III or IV hereof or in any other Company

Document or NHTC Party Document (as the case may be).

ARTICLE V
CONDUCT AND TRANSACTIONS PRIOR TO CLOSING

SECTION 5.01. Access to Records and Properties. (a) The Company shall give the NHTC Parties and their counsel, accountants and lenders and the respective officers, directors, employees, agents and representatives thereof, such access (during normal business hours) to, and opportunity to examine, the books, records, files, documents, properties and assets of the Company and its Subsidiaries, and cause the officers, directors, employees, consultants, agents, representatives, counsel and accountants of

the Company and its Subsidiaries to furnish such financial and operating data and other information with respect to the Company and its Subsidiaries, in each case, as NHTC shall from time to time reasonably request. The NHTC Parties shall give the Company and the Company's counsel, accountants and lenders, and the respective officers, directors, employees, consultants, agents and representatives thereof, such access (during normal business hours) to, and opportunity to examine, the books, records, files, documents, properties and assets of, NHTC and its Subsidiaries, and cause the officers, directors, employees, agents, representatives, counsel and accountants of NHTC and its Subsidiaries to furnish such financial and operating data and other information with respect to the NHTC and its Subsidiaries, in each case, as the Company shall from time to time reasonably request. Any investigation pursuant to this Section 5.01 shall be conducted in such manner as not to interfere unreasonably with the ordinary course of the business, operations or other activities of the parties hereto or with the confidentiality respecting the transactions contemplated by this Agreement.

(b) In the event the Closing shall not occur: (i) the Company and its counsel, accountants and lenders, and the respective officers, directors, employees, agents and representatives thereof, shall return all documents and materials that are non-public, confidential and/or proprietary to NHTC which have been furnished in connection herewith; and (ii) the NHTC Parties and their counsel, accountants and lenders, and the respective officers, directors, employees, agents and representatives thereof, shall return all documents and materials that are non-public, confidential and/or proprietary to the Company which have been furnished in connection herewith. However, nothing contained in this Section 5.01 shall prohibit the Company, either NHTC Party or any such other person or entity from (subject to the penultimate sentence of Section 5.03 and to Section 9.03) supplying or filing such documents, materials or other information with such federal, state, local or foreign government, agency or authority which any party hereto deems necessary or appropriate in connection with the matters contemplated by Section 5.03.

SECTION 5.02. Operation of the Company and NHTC Parties. From the date hereof to the Closing Date, or except to the extent that either NHTC Party shall otherwise consent in writing, the Company shall operate its and its Subsidiaries' businesses as presently operated and only in such a manner as would be the ordinary course of business and/or consistent with recent past practice. Without limiting the generality of the foregoing, the Company and each NHTC Party shall (and shall cause each of its Subsidiaries to): (i) not be in default or violation under any Laws applicable to its business, operations, property or assets; (ii) (in the case of the NHTC Parties and their Subsidiaries only) not merge or consolidate with any other entity, acquire any other business or entity, or agree to do any of the foregoing; (iii) maintain its properties and assets in good operating condition, order and repair (ordinary wear and tear excepted), and notify the other such parties of any significant loss of, damage to or destruction of any such properties or assets; (iv) use its reasonable best efforts to preserve its present employees, reputation and business relationships with persons and entities having business dealings with it; (v) use its reasonable best efforts to preserve its present rights, privileges and franchises; and (vi) refrain from taking any action, or fail to act in such a way, that would render any of its representations and warranties contained in Article II (including without limitation Section 2.13) (in the case of the Company) or Article III (including without limitation Section 3.14) (in the case of the NHTC Parties) inaccurate at

and as of the Closing Date, and shall promptly advise the other such parties of any such event or circumstance and of any other breach of any representation, warranty, covenant, condition or obligation of such party hereunder.

SECTION 5.03. Consents and Notices. Promptly after the date hereof, the Company and the NHTC Parties hereto shall use their respective reasonable best efforts to obtain all Consents and give all Notices which may be necessary or appropriate in order to consummate the Main Transaction and the other transactions contemplated hereby (including without limitation such Consents and Notices as may be necessary or appropriate to obtain from the USDOE or Florida State Board), and to continue in effect, and to assure that the Company, NHTC and their respective Subsidiaries shall to be entitled to have and enjoy, all of the benefits of the Company Contracts, Company Permits and Subject Assets and the NHTC Contracts and NHTC Permits after the Effective Time (including preserving for (x) the NHTC Educational Facilities their accredited status, and (y) students of the NHTC Educational Facilities, as such, access to the financial aid programs to which they currently have access, at substantially current levels). The parties hereto shall not (x) submit or file any documents, materials or information to or with, or take any other action before or at the request of, any governmental authority in respect of any Laws, NHTC Permit or Company Permit, or (y) take any other action with respect to, or which may affect NHTC's, the Company's or any of their respective Subsidiaries' rights under, any NHTC Contract or Company Contract or NHTC Permit or Company Permit without (in each case) first consulting with (in the case of the Company or Company Securityholders) counsel to NHTC or (in the case of the NHTC Parties) counsel to the Company. The parties hereto shall otherwise cooperate with each other in discharging their respective obligations under this Section 5.03, and shall promptly advise counsel to the other parties hereto of any difficulties encountered in obtaining any such Consents or giving any such Notices.

SECTION 5.04. Best Efforts to Satisfy Conditions. Each of the Company and each NHTC Party shall use its reasonable best efforts to cause the conditions to the Closing set forth in Article VI hereof to be satisfied, to the extent that the satisfaction of such conditions is in the control of such party, as soon as practicable after the date hereof; provided, however, the foregoing shall not constitute a limitation upon the covenants and obligations of any party otherwise expressly set forth in this Agreement.

SECTION 5.05. Bridge Loan. It is the intention of the parties hereto that, as soon as practicable after the date hereof, NHTC shall make an secured, "bridge" loan to the Company (convertible into common equity of the Company) (the "Company Bridge Loan") of not less than $500,000 nor more than $1,500,000 (the "Bridge Range"), on terms: (i) reasonably satisfactory to the Company, and (ii) the same as, with respect to terms of payment and interest rate, and otherwise generally comparable to (to the extent practicable), a "bridge" loan to NHTC (convertible into common equity of NHTC) (the "NHTC Bridge Loan") to be obtained from a source or sources previously disclosed by NHTC to the Company. Accordingly, from and after the date hereof: (A) NHTC shall use its reasonable best efforts in order to obtain the NHTC Bridge Loan, in such an amount within the Bridge Range as shall be not less than the amount requested by the Company for the Company Bridge Loan, and (B) the Company and NHTC shall negotiate diligently and in good faith in order to agree upon mutually satisfactory terms of the Company Bridge Loan (subject to the clause (ii) of the foregoing sentence). Provided that

Company and NHTC shall have so agreed upon such mutually satisfactory terms, and that (having used its reasonable best efforts as aforesaid) NHTC shall have obtained the NHTC Bridge Loan, on the date that (or the first business day after the date that) the NHTC Bridge Loan shall have been made, NHTC shall make the Company Bridge Loan, in such an amount within the Bridge Range as shall be not less than the amount requested by the Company for the Company Bridge Loan.

ARTICLE VI
CONDITIONS TO THE MAIN TRANSACTION

SECTION 6.01. Conditions to Obligations of NHTC Parties. The obligation of the NHTC Parties to consummate the Main Transaction and other Transactions is subject to the satisfaction of the following conditions, each of which may be waived by either NHTC Party.

(a) Representations and Warranties; Performance of Obligations. The representations and warranties of the Company set forth in Article II shall be true and correct on the Closing Date as if made on as of the Closing Date. The Company shall have performed the agreements and obligations required to be performed by it under this Agreement prior to the Closing Date. The Company shall have executed and delivered to the NHTC Parties a certificate or certificates certifying to their compliance with the foregoing, in form and substance reasonably satisfactory to the NHTC Parties. Notwithstanding the first sentence of this Section 6.01(a): (1) from time to time on or prior to the Closing, the Company shall be permitted to deliver to the NHTC Parties written information which changes, modifies or supplements the representations and warranties set forth in Section 2.01 (or Previously Disclosed) because of the occurrence or non-occurrence of any event, or any circumstance arising, after the date of this Agreement; (2) upon such delivery such information shall be deemed to have been "Previously Disclosed" for purposes of Section 2.01 (and, accordingly, the representations and warranties therein shall deemed to be amended by such information), and (3) if such event(s) or circumstance(s) result(s) in the aggregate in a Company Material Adverse Effect, then the condition stated in the first sentence of this Section 6.01(a) shall be deemed not to have been satisfied. If, notwithstanding (x) any failure of such condition as provided in the foregoing clause "(3)", or (y) any misrepresentation on the part of the Company as to which the NHTC Parties have received written notice from or on behalf of the Company prior to the Closing, the NHTC Parties proceed with the Closing, then such failure of condition and/or such misrepresentation (as the case may be) shall be deemed for all purposes to be waived.

(b) Charter, By-laws, etc. The Company shall have delivered to the NHTC Parties a certificate signed by two or of more its officers certifying to: (i) a true, correct and complete copy of the Company's certificate of incorporation, (ii) a true, correct and complete copy of the Company's by-laws, (iii) a true, correct and complete copy of all Company Board of Directors and stockholder resolutions adopted in connection with this Agreement and/or the Transactions, and (iv) the identity and signature of its officer or officers who shall have executed this Agreement or any other Company Document on or before the Closing Date.

(c) Consents and Notices. All Consents and Notices which may be necessary or appropriate in order for any NHTC Party to consummate the Main Transaction or any of the other Transactions (including without limitation such Consents and Notices as may be necessary or appropriate to obtain from the USDOE or Florida State Board) and to continue in effect, and to assure that the Company, NHTC and their respective Subsidiaries shall to be entitled to have and enjoy, all of the benefits of the Company Contracts, Company Permits and Subject Assets and the NHTC Contracts and NHTC Permits after the Effective Time (including preserving for (x) the NHTC Educational Facilities their accredited status, and (y) students of the NHTC Educational Facilities, as such, access to the financial aid programs to which they currently have access, at substantially current levels), shall have been duly obtained (in the case of Consents) or given (in the case of Notices) and shall be unconditional and in full force and effect.

(d) Legal Restraints. There shall not have been proposed or enacted any Laws, or any change in any existing Laws, which prohibits or delays, or threatens to prohibit or delay, the consummation of the Main Transaction or any of the other Transactions or which could reasonably be expected to have a Company Material Adverse Effect. No action, suit, claim or proceeding shall have been commenced or threatened by any governmental authority or private party (i) seeking to restrain, enjoin or hinder, or to seek damages from either NHTC Party

or any Subsidiary thereof on account, of the consummation of the Main Transaction or any of the other Transactions, or (ii) which could reasonably be expected to have a Company Material Adverse Effect.

(e) No Company Material Adverse Change. There shall have been no material adverse change in the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects of the Company and its Subsidiaries, taken as a whole, since the Company Base Date.

(f) Instruments of Transfer. The Company shall have executed and delivered to Holdings the Bill of Sale and such other instruments of transfer as Holdings shall reasonably request in order to further evidence and/or effect, of record or otherwise, the sale and transfer of the Subject Assets (including, without limitation, assignable Company Contracts).

(g) Receipt. The Voting Trustee shall have executed and delivered to the NHTC Parties a written instrument, in form and substance reasonably satisfactory to the NHTC Parties, acknowledging the Voting Trustee's receipt of the certificate(s) representing the Firm Shares.

(h) Opinions of Counsel. The NHTC Parties shall have received an opinion letter of Dechert Price & Rhoads, New York, New York, special counsel to the Company, dated the Closing Date and in form and substance reasonably satisfactory to counsel to the NHTC Parties. The NHTC Parties shall have received an opinion letter of special counsel to the NHTC Parties with respect to USDOE and Florida State Board matters, dated the Closing Date and in form and substance reasonably satisfactory to counsel to the NHTC Parties.

(i) Name Change. The Company shall have changed its corporate name to a name that does not include either of the terms "Global" or "Health".

(j) Voting Trust. Neal R. Heller and Sir Brian Wolfson shall have executed and delivered (and thereby, among other things, shall have agreed to become the voting trustee(s) under) a voting trust agreement, covering the Firm Shares, any First Contingent Shares and not less than the lesser of (x) 5,800,000 and (y) the number of shares of NHTC Common Stock on the Closing Date owned by any one or more of Neal R. Heller, Elizabeth S. Heller and/or one or more affiliates thereof (collectively, "Heller Persons"), in form and substance reasonably satisfactory to Neal R. Heller, NHTC and the Company (the "Voting Trust Agreement"). The Voting Trustee shall have issued to each Heller Person who shall have contributed NHTC Common Stock to the Voting Trust as contemplated by Section 6.02(n) hereof a certificate or certificates evidencing its beneficial interest in such shares of NHTC Common Stock.

(k) Heller Options. The Board of Directors of the Company (or an appropriate committee thereof) shall have granted or issued to Neal R. Heller and/or Elizabeth S. Heller options to purchase 800,000 shares NHTC Common Stock (in the aggregate), in form and substance reasonably satisfactory to the Company.

(l) Financing. NHTC shall have consummated a private placement equity financing reasonably satisfactory to it providing gross proceeds (after the consummation of the Main Transaction) of not less than $8,000,000.

(m) Indemnifying Company Stockholders. (i) The Indemnifying Company Stockholders (as defined in Section 8.01(c)) shall have executed and delivered to the NHTC Parties one or more instruments by which they shall (i) agree to be bound by the provisions of Article VIII hereof applicable to them, (ii) in connection therewith, agree to be bound by Section 9.09 hereof, and (iii) agree that their liability under such Article VIII shall be joint and several.

(n) Other Matters. The Company shall have furnished or caused to be furnished to the NHTC Parties, in form and substance reasonably satisfactory to the NHTC Parties or their counsel, such certificates and other evidences as the NHTC Parties may reasonably request as to the satisfaction of the conditions contained in this Section 6.01.

SECTION 6.02. Conditions to Obligations of the Company. The obligation of the Company to consummate the Main Transaction and other Transactions is subject to the satisfaction of the following conditions, each of which may be waived by the Company.

(a) Representations and Warranties; Performance of Obligations. The representations and warranties of the NHTC Parties set forth in Article III shall be true and correct on the Closing Date as if made on as of the Closing Date. The NHTC Parties shall have performed the agreements and obligations required to be respectively performed by them under this Agreement prior to the Closing Date. The NHTC Parties shall have executed and delivered to the Company a certificate or certificates certifying to their compliance with the foregoing, in form and substance reasonably satisfactory to the Company. Notwithstanding the first sentence of this Section 6.02(a): (1) from time to time on or prior to the Closing, the NHTC Parties shall be permitted to deliver to the Company written information which changes, modifies or supplements the representations and warranties set forth in Section 3.01 (or Previously Disclosed) because of the

occurrence or non-occurrence of any event, or any circumstance arising, after the Agreement Date; (2) upon such delivery such information shall be deemed to have been "Previously Disclosed" for purposes of Section 3.01 (and, accordingly, the representations and warranties therein shall deemed to be amended by such information), and (3) if such event(s) or circumstance(s) result(s) in the aggregate in an NHTC Material Adverse Effect, then the condition stated in the first sentence of this Section 6.02(a) shall be deemed not to have been satisfied. If, notwithstanding (x) any failure of such condition as provided in the foregoing clause "(3)", or (y) any misrepresentation on the part of the NHTC Parties as to which the Company has received written notice from or on behalf of the NHTC Parties prior to the Closing, the Company proceeds with the Closing, then such failure of condition and/or such misrepresentation (as the case may be) shall be deemed for all purposes to be waived.

(b) Charter, By-laws, etc. Each NHTC Party shall have delivered to the Company a certificate signed by two or more its officers certifying to: (i) a true, correct and complete copy of such NHTC Party's certificate or articles of incorporation, (ii) a true, correct and complete copy of such NHTC Party's by-laws, (iii) a true, correct and complete copy of all such NHTC Party's Board of Directors and stockholder resolutions adopted in connection with this Agreement and/or the Transactions, and (iv) the identity and signature of its officer or officers who shall have executed this Agreement or any other NHTC Party Document on or before the Closing Date.

(c) Consents and Notices. All Consents and Notices which may be necessary or appropriate in order for the Company to consummate the Main Transaction or any of the other Transactions (including without limitation such Consents and Notices as may be necessary or appropriate to obtain from the USDOE or Florida State Board) and to continue in effect, and to assure that the Company, NHTC and their respective Subsidiaries shall to be entitled to have and enjoy, all of the benefits of the Company Contracts, Company Permits and Subject Assets and the NHTC Contracts and NHTC Permits after the Effective Time (including preserving for (x) the NHTC Educational Facilities their accredited status, and (y) students of the NHTC Educational Facilities, as such, access to the financial aid programs to which they currently have access, at substantially current levels), shall have been duly obtained (in the case of Consents) or given (in the case of Notices) and shall be unconditional and in full force and effect.

(d) Legal Restraints. There shall not have been proposed or enacted any Laws, or any change in any existing Laws, which prohibits or delays, or threatens to prohibit or delay, the consummation of the Main Transaction or any of the other transactions contemplated by this Agreement or which could reasonably be expected to have an NHTC Material Adverse Effect. No action, suit, claim or proceeding shall have been commenced or threatened by any governmental authority or private party (i) seeking to restrain, enjoin or hinder, or to seek damages from the Company or any Subsidiary thereof on account of the consummation of the Main Transaction or any of the other Transactions, or (ii)

which could reasonably be expected to have an NHTC Material Adverse Effect.

(e) No NHTC Material Adverse Change. There shall have been no material adverse change in the condition (financial or otherwise), business, properties, assets, liabilities, capitalization, financial position, operations, results of operations or prospects

of NHTC and its Subsidiaries, taken as a whole, since the NHTC Base Date. NHTC Common Stock shall continue to be quoted in the NASDAQ Small Cap market; and there shall not have been proposed or enacted any Laws, or any change in any existing Laws, and no action, suit, claim or proceeding shall have been commenced or threatened by any governmental authority, the National Association of Securities Dealers, Inc. or any private party seeking that would result in the discontinuance of such listing.

(f) Instruments of Assumption. Holdings shall have executed and delivered to the Company the Bill of Sale and such other instruments of assumption as the Company shall reasonably request in order to further evidence and/or effect, of record or otherwise, the assumption by Holdings of the Assumed Liabilities.

(g) Firm Shares Certificates. NHTC shall have issued to the Voting Trustee a certificate or certificates representing the shares of NHTC Common Stock comprising the Firm Shares.

(h) Opinions of Counsel. The Company shall have received an opinion letter of Lane & Mittendorf LLP, New York, New York, special counsel to the NHTC Parties, dated the Closing Date and in form and substance reasonably satisfactory to counsel to the Company. The Company shall have received an opinion letter of special counsel to the NHTC Parties with respect to USDOE and Florida State Board matters, dated the Closing Date and in form and substance reasonably satisfactory to counsel to the Company.

(i) Registration Rights Agreement. NHTC shall have executed and delivered to the Company a Registration Rights Agreement in form and substance reasonably satisfactory to the Company (the "Registration Rights Agreement").

(j) Corporate Governance. The Board of Directors of NHTC shall have been increased to by two (2), and Leo L. Azure, Jr. and Sir Brian Wolfson shall have been appointed members of such Board to fill the vacancies created by such increase; and Sir Brian Wolfson shall have been named Chairman of the Board of Directors of NHTC by its Board of Directors. The Board of Directors of NHTC shall have established an Executive Committee comprising the following four of its directors: Neal R. Heller, Martin C. Licht, Leo L. Azure, Jr. and Sir Brian Wolfson; such Executive Committee shall have been delegated the authority to act in the place and stead of the Board of Directors of NHTC to the fullest extent permitted under Florida corporate law; and Sir Brian Wolfson shall have been named Chairman of such Committee. The Board of Directors of Holdings shall have been fixed at such number as shall have been agreed upon on or before the Closing Date by the Company and NHTC; and Sir Brian Wolfson shall have been elected a member thereof and the Chairman of such Board; and Sir Brian Wolfson shall have been named; and the remaining directorships of Holdings shall have been filled with such persons as Sir Brian Wolfson and NHTC shall have agreed on or before the Closing Date.

(k) Employment Agreement. NHTC shall have executed and delivered to Sir Brian Wolfson an Employment Agreement in form and substance reasonably satisfactory to the Company (the "Employment Agreement").

(l) Management Compensation. NHTC shall have offered in writing to the management personnel of the Company selected by it such committed compensation packages (having salary, benefits, bonus, stock ownership/option

and other components) as shall be reasonably satisfactory to the Company. All holders of compensatory options to purchase Company Common Stock shall have agreed in writing to the termination thereof and the release of all obligations of the Company thereunder, effective as of the Closing.

(m) Fruitseng Contingent Shares. Each of the persons and or entities who shall, as of the Closing Date, be entitled to receive any portion of the up to 369,350 shares of Common Stock of the Company issuable under Section 1.04(b) of the Fruitseng Acquisition Agreement shall have agreed to accept, in lieu of any shares of Common Stock of the Company, a number of shares of NHTC Common Stock per each such share of Common Stock of the Company in the same proportion that (i) the number of Firm Shares bears to (ii) the number of shares of Common Stock of the Company, and shares issuable under Company Warrants outstanding, on the Closing Date (which proportion shall not be greater than 1.62:1).

(n) Voting Trust. The Voting Trustee shall have issued to the Company a certificate or certificates evidencing its beneficial interests in the shares of NHTC Common Stock comprising the Firm Shares. One or more Heller Persons shall have transferred, assigned and delivered to the Voting Trustee (in the aggregate) a number of shares of NHTC Common Stock equal to the lesser of (x) 5,800,000 and (y) the number of shares of NHTC Common Stock on the Closing Date owned by any one or more of the Heller Persons.

(o) Financing. NHTC shall have consummated a private placement equity financing reasonably satisfactory to the Company providing gross proceeds (after the consummation of the Main Transaction) of not less than $8,000,000.

(p) MikeCo Acquisition. The Company shall have consummated the MikeCo Acquisition.

(q) Reservation of Shares. NHTC shall have reserved for issuance as the Contingent Shares and for issuance in lieu of the shares of Company Common Stock issuable pursuant to Section 1.04(b) of the Fruitseng Acquisition Agreement (as such provision shall be modified and amended as contemplated under Section 9.02) such number of shares of NHTC Common Stock as the Company and NHTC shall mutually agree.

(r) Other Matters. The NHTC Parties shall have furnished or caused to be furnished to the Company, in form and substance reasonably satisfactory to the Company or its counsel, such certificates and other evidences as the Company may reasonably request as to the satisfaction of the conditions contained in this Section 6.02.

ARTICLE VII
CLOSING DATE AND TERMINATION

SECTION 7.01. Closing Date. The closing of the Main Transaction (the "Closing") shall take place at the offices of Dechert Price & Rhoads, 30 Rockefeller Plaza, New York, New York 10112, or at such other place as the Company and NHTC shall mutually agree, at 10:00 A.M., local time, on such date mutually agreed upon by the Company and NHTC that is within five business days after the first date upon which all Consents and Notices which at the time remain conditions to the obligations of the parties to effect the Main Transaction and other Transactions shall have been obtained or given (as the case may be, the "Closing Date").

SECTION 7.02. Termination of Agreement. (a) This Agreement may be terminated by either the Company or NHTC, upon notice to the other such parties hereto, if the Closing shall not have occurred on or before June 30, 1997 (the "Deadline Date"); provided, however, that: (i) NHTC shall not be permitted to terminate this Agreement under this Section 7.02 if the Closing shall not have occurred by the Deadline Date by reason of any breach by either NHTC Party of Section 5.04; and (ii) the Company shall not be permitted to terminate this Agreement under this Section 7.02 if the Closing shall not have occurred by the Deadline Date by reason of any breach by the Company of Section 5.04.

(b) Termination of this Agreement under this Section 7.02 shall automatically and irrevocably terminate all liabilities and obligations of the terminating party (and, in the event that the terminating party is NHTC, Holdings) arising under this Agreement; all rights of the terminating party (and such other party) arising under this Agreement, and all liabilities and obligations of the other party or parties hereto, shall survive any such termination.

ARTICLE VIII
INDEMNIFICATION

SECTION 8.01. By the Company. (a) Subject to the limitations set forth below in this Section 8.01, from and after the Closing Date, the Company (or the persons identified in Section 8.01(b)(iv), to the extent set forth therein) shall indemnify the NHTC Parties and their respective directors, officers, employees and agents (collectively, the "NHTC Indemnified Persons"), against, and hold the NHTC Indemnified Persons harmless from, any and all Losses (as defined in Section 8.03) directly or indirectly incurred, suffered, sustained or required to be paid by, or sought to be imposed upon, any of the NHTC Indemnified Persons resulting from, relating to arising out of:

(i) any breach of any of the representations or warranties of the Company set forth in Section 2.01 hereof or in any other Company Document,

(ii) any breach of any covenant or agreement made by the Company under this Agreement or any other Company Document, or

(iii) any Retained Liabilities, excluding, however, up to approximately $60,000 of Taxes of Old Ellon that the relevant taxing authorities may attempt to recover from New Ellon (it being agreed that the event of any such payment by New Ellon, NHTC or any other Subsidiary of NHTC after the Closing Date, such payment shall be included as "Acquisition Costs" under Section 1.04).

(b) The right to indemnification under this Section 8.01 is subject to the following limitations:

(i) The indemnification rights under this Section 8.01 shall expire at the respective times set forth in Section 8.05, and the Company (and its successors and assigns) shall not have any liability under this Section 8.01 or otherwise in connection with the Transactions unless an NHTC Indemnified Person gives written notice to the Company (or its successors and assigns) asserting a claim for Losses, including reasonably detailed specific facts and circumstances pertaining thereto, before the expiration of the periods of time that the underlying representations, warranties, covenants and agreements survive under Section 8.05 hereof.

(ii) Indemnification for claims under this Section 8.01 shall be payable hereunder only if and to the extent that the aggregate amount of all Losses of the NHTC Indemnified Persons to which this Section 8.01 hereof applies shall exceed $25,000, and shall not be payable in any event with respect to the first $25,000 of such Losses.

(iii) The liability for all claims under this Section 8.01 of the Company (or any successor or assign thereof) shall in no event exceed the lesser of (as the case may be, the "Indemnity Cap"): (A) $3,000,000 and (B) one-half of the Fair Market Value (as defined in Section 1.04(d)), as of the date of determination, of (x) the Main Transaction Shares then held by (or held in the Voting Trust for the benefit of) the Indemnifying Company Stockholders, and (y) the realized cash proceeds (in the form of, for example, dividends or sale proceeds) or readily marketable assets (in the form of, for example, freely tradeable securities) (such cash or readily marketable assets, "Qualified Proceeds") in respect of the Main Transaction Shares previously held by (or held in the Voting Trust for the benefit of) the

Indemnifying Company Stockholders.

(iv) The NHTC Indemnified Persons shall have recourse hereunder only against the Main Transaction Shares issued hereunder and held by (or held in the Voting Trust for the benefit of) the Indemnifying Company Stockholders and any Qualified Proceeds thereof; provided, however, that in no event shall the Main Transaction Shares and Qualified Proceeds of any one Indemnifying Company Stockholder (and members of its immediate family, successors and assigns, treated for this purpose as one Indemnifying Company Stockholder) forfeited, surrendered or applied in respect of any Losses under this Section 8.01 exceed the product of (A) the Company Indemnity Cap, and (B) the percentage obtained by dividing (x)

the percentage ownership in the Company of such Indemnifying Company Stockholder as of the Closing Date by (y) the percentage ownership in the Company of all Indemnifying Company Stockholders as of the Closing Date.

(c) For purposes of this Agreement, the term "Indemnifying Company Stockholders" means: Azure Limited Partnership I; Capital Development S.A.; Joseph Grace; John M. Eldredge; Robert C. Bruce; and members of their respective immediate families, and their respective successors and assigns.

SECTION 8.02. By the NHTC Parties. (a) Subject to the limitations set forth below in this Section 8.02, from and after the Closing Date, the NHTC Parties, jointly and severally, shall indemnify the Company (or its successors and assigns) and their respective directors, officers, employees and agents (collectively, the "Company Indemnified Persons"), against, and hold the Company Indemnified Persons harmless from, any and all Losses directly or indirectly incurred, suffered, sustained or required to be paid by, or sought to be imposed upon, any of the Company Indemnified Persons resulting from, relating to arising out of:

(i) any breach of any of the representations or warranties of the NHTC Parties set forth in Section 2.02 hereof or in any other NHTC Document,

(ii) any breach of any covenant or agreement made by the Company under this Agreement or any other Company Document, or

(iii) any Assumed Liabilities.

(b) The right to indemnification under this Section 8.02 is subject to the following limitations:

(i) The indemnification rights under this Section 8.02 shall expire at the respective times set forth in Section 8.05, and neither NHTC Party shall have any liability under this Section 8.02 or otherwise in connection with the Transactions unless a Company Indemnified Person gives written notice to the NHTC Parties asserting a claim for Losses, including reasonably detailed specific facts and circumstances pertaining thereto, before the expiration of the periods of time that the underlying representations, warranties, covenants and agreements survive under Section 8.05 hereof.

(ii) Indemnification for claims under this Section 8.02 shall be payable hereunder only if and to the extent that the aggregate amount of all Losses of the Seller's Indemnified Persons to which this Section 6.02 hereof applies shall exceed $25,000, and shall not be payable in any event with respect to the first $25,000 of such Losses; provided, however, that the foregoing limitations shall not apply with respect to claims under clause (3) of Section 8.02(a).

(iii) The NHTC Parties's liability for all claims under this Section 8.02 shall in no event exceed the Indemnity Cap; provided, however, that the foregoing limitations shall not apply with respect to claims under clause (3) of Section 8.02(a).

SECTION 8.03. "Losses" Defined. In this Agreement, the term "Losses" means and includes all losses, claims, liabilities, damages (including, without limitation, punitive, consequential and special damages awarded to any third-party claimant), judgments, liabilities, payments, obligations, costs and expenses (including, without limitation, any costs of investigation, remediation or cleanup, and any reasonable legal fees and costs and expenses incurred after the Closing Date in defense of or in connection with any alleged or asserted liability, payment or obligation as to which indemnification may apply hereunder), regardless of whether or not any liability, payment, obligation or judgment is ultimately imposed against the NHTC Indemnified Persons or Company Indemnified Persons and whether or not the NHTC Indemnified Persons or Company Indemnified Persons are made or become parties to an action, suit or proceeding in respect thereof, voluntarily or involuntarily.

SECTION 8.04. Notice of Claims. With respect to any matter as to which any person or entity (the "Indemnified Person") is entitled to indemnification from any other person or entity (the "Indemnifying Person") under this Article VIII, the Indemnified Person shall have the right, but not the obligation, to contest, defend or litigate, and to retain counsel of its choice in connection with, any claim, action, suit or proceeding by any third party alleged or asserted against the Indemnified Person in respect of, resulting from, relating to or arising out of such matter, and the costs and expenses thereof shall be subject to the indemnification obligations of the Indemnifying Person hereunder; provided, however, that if the Indemnifying Person acknowledges in writing its obligation to indemnify the Indemnified Person in respect of such matter to the fullest extent provided by this Article VIII, the Indemnifying Person shall be entitled, at its option, to assume and control the defense of such claim, action, suit or proceeding at its expense through counsel of its choice if it gives prompt notice of its intention to do so to the Indemnified Person. Neither an Indemnified Person nor an Indemnifying Person shall be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the other party hereto (and for purposes of this provision the "other party hereto" shall be: (A) NHTC, for any Indemnified Person or Indemnifying Person who is an NHTC Indemnified Person, and (B) the Company, for any Indemnified Person or Indemnifying Person who is a Company Indemnified Person), which consent shall not be unreasonably withheld.

SECTION 8.05. Survival of Provisions. (a) All representations and warranties contained herein or made pursuant to this Agreement shall survive the Closing for a period of one year after the Closing Date except that

(1) the representations and warranties contained in or made pursuant to Section 2.05 shall survive the Closing without limitation, and

(2) the representations and warranties contained in or made pursuant to Sections 2.07, 2.10 and 2.11 shall survive the Closing for so

long as any claim may be made in respect of the matters described therein under any applicable statute of limitations.

(b) All covenants and agreements of the parties contained in or made pursuant to this Agreement and required to be performed prior to the Closing Date shall survive the Closing for a period of one year. All other covenants and agreements contained in or made pursuant to this Agreement (including Section 8.01 and 8.02) shall survive the Closing for so long as any claim may be made in respect of such matters under any applicable statute of limitations.

SECTION 8.06. Exclusive Remedy. Each party hereto agrees that the sole

liability of any other party hereto for any claim with respect to the transactions contemplated under this Agreement shall be limited to indemnification under this Article VIII; provided, however, that the foregoing shall not be deemed to prohibit or restrict the availability of any equitable remedies (including specific performance) in the event of any breach (or threatened breach) circumstances described in Section 8.11 (or in any provision of any other Company Document or NHTC Document which specifically contemplates the availability, or permits the exercise, of equitable remedies (including specific performance)).

SECTION 8.07. Other Recoveries. (a) Notwithstanding anything to the contrary set forth in this Article VIII, the obligations of Indemnifying Persons under Section 8.01 and 8.02 in respect of any particular Losses shall be reduced by the amount of any Other Recoveries (as hereinafter defined) actually received (before or after indemnification hereunder) by or on behalf of the Indemnified Persons in reduction of such Losses. Any Indemnified Person who shall have received any indemnification payment hereunder (including in the form of Main Transaction Shares and Qualified Proceeds thereof) for any particular Losses shall, upon receipt of any Other Recoveries in reduction of such Losses, pay to the appropriate Indemnifying Person an amount equal to the lesser of (x) such Other Recoveries actually received, and (y) the amount of such indemnification payment (and/or the Fair Market Value of any such non-cash indemnification payment). The Company and NHTC Parties hereby agree to use their reasonable best efforts to (and shall cooperate with each other in order to) enforce their respective rights to any Other Recoveries, both prior to and after making any claim for indemnification hereunder.

(b) For purposes of this Agreement, the term "Other Recoveries" shall mean the proceeds or other amounts realized or that may be realized under any insurance policy or other indemnity or hold harmless agreement (including, without limitation, those indemnity and hold harmless agreements established under the Ellon Acquisition Agreement, Fruitseng Acquisition Agreement and the acquisition agreement entered into (or to be entered into) in order to effect the MikeCo Acquisition).

ARTICLE IX
MISCELLANEOUS

SECTION 9.01. Board and Executive Committee Representation. (a) For so long as the Company and/or any Main Transaction Share Holders shall collectively beneficially own (including through the Voting Trust, in whole or in part) not less than ten percent (10%) of the outstanding shares of NHTC Common Stock, NHTC shall use its reasonable

best efforts to: (i) cause two individuals designated by the Company (or its successor or assign designated for the purpose) and reasonably acceptable to NHTC to be nominated for election to the Board of Directors of NHTC at each annual meeting of its stockholders and each special meeting (and written consent in lieu of a meeting) at (or in) which directors are to be elected following the Closing Date, (ii) cause the Board of Directors or management of NHTC to recommend in any proxy statement for such meeting to the stockholders of NHTC that they vote for the election of such nominees, and (iii) cause the management proxies who may vote at any such meeting to vote any shares for which a proxy card is received with no indication as to the election of such nominees to vote for their election; provided, however, that from and after such time (if any) that Company and/or any Main Transaction Share Holders shall collectively beneficially own (including through the Voting Trust, in whole or in part) less than ten percent (10%), but not less than five percent (5%), of the outstanding shares of NHTC Common Stock, NHTC shall be required to fulfill its obligations under the foregoing provisions of this Section 9.01(a) only with respect to one individual designated by the Company (or its successor or assign designated for the purpose) and reasonably acceptable to NHTC.

(b) For so long as NHTC shall have any obligations under the foregoing Section 9.01(a), NHTC shall use its reasonable best efforts to cause the Board of Directors of NHTC to: (i) maintain an Executive Committee thereof, comprising not more than four members of such Board and having the authority to act in the place and stead of the Board of Directors of NHTC to the fullest

extent permitted under Florida corporate law, and (ii) designate or appoint the director(s) designated and elected in accordance with the foregoing Section 9.01(a) as members of such Executive Committee.

SECTION 9.02. Fruitseng Contingent Shares. NHTC hereby agrees (in the event that the Closing occurs) that, in connection with the Company's obligations under Section 1.04(b) of the Fruitseng Acquisition Agreement, subject to the satisfaction of the condition set forth in Section 6.02(m), it shall, in lieu of the up to 369,350 shares of Common Stock of the Company issuable under Section 1.04(b) of the Fruitseng Acquisition Agreement (if any shares become issuable thereunder), issue shares of NHTC Common in the proportion contemplated by Section 6.02(m).

SECTION 9.03. Public Announcements. No party hereto shall make any announcement to the public, the Company's or NHTC's respective "trades" or to the respective employees, customers or suppliers of such parties, or to any federal, state, local or foreign government, agency or authority, with respect to this Agreement and/or the Transactions (an "Announcement") to which the other such party hereto shall reasonably object; however, NHTC will be required under the Exchange Act to report this Agreement and the Transactions, and such reporting (to the extent required under the Exchange Agreement) shall be permitted in all events. Each party shall afford the other parties hereto the opportunity to review and comment upon each Announcement proposed to be made by it prior to the release thereof.

SECTION 9.04. Further Actions. From time to time after the Effective Time, the parties hereto shall execute and deliver (or cause to be executed and delivered) such other and further agreements, instruments, certificates or other documents and shall take (or cause to be taken) such other and further actions, as any other party hereto may

reasonably request in order to further effect and/or evidence the Transactions or to otherwise consummate and give effect to the covenants and agreements set forth herein.

SECTION 9.05. Expenses. Each party hereto shall bear its own legal fees, accountants' fees, brokers, finder's and investment banking fees and other costs and expenses with respect to the negotiation, execution and the delivery of this Agreement and the consummation of the Transaction.

SECTION 9.06. Entire Agreement. This Agreement, which includes the Exhibits hereto, and the other NHTC Party Documents and Company Documents, contain the entire agreement among the parties hereto with respect to the subject matter hereof and thereof, and supersede all prior agreements, arrangements and understandings with respect thereto (including without limitation that certain letter agreement (captioned "Letter of Intent/Heads of Agreement"), dated 15 November 1996, from the Company addressed to NHTC).

SECTION 9.07. Descriptive Headings; References. The descriptive headings of this Agreement and other NHTC Party Documents and Company Documents are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof or thereof. Article, Section and Exhibit references in this Agreement are to the referenced Articles and Sections of, and Exhibits to, this Agreement, unless the context otherwise requires.

SECTION 9.08. Notices. Any notice or other communication which is required or permitted hereunder or under any other NHTC Party Document or Company Document shall be in writing and shall be deemed to have been delivered and received (x) on the day of (or, if not a business day, the first business day after) its having been personally delivered or telecopied to the following address or telecopy number, (y) on the first business day after its having been sent by overnight delivery service to the following address, or (z) if sent by regular, registered or certified mail, when actually received at the following address:

If to the Company:

[c/o] Global Health Alternatives, Inc.
44 Welbeck Street
London W1M 7HF England
Attention: Sir Brian Wolfson
Telecopier No. 011-44-171-486-6217
Telephone No. 011-44-171-486-6216

and

[c/o] Global Health Alternatives, Inc.
193 Middle Street, Suite 201
Portland, Maine 04101
Attention: Robert C. Bruce
Telecopier No. (207) 772-8493
Telephone No. (207) 772-7234

with a copy to:

Dechert Price & Rhoads
30 Rockefeller Plaza
New York, New York 10112
Attention: Claude A. Baum, Esq.
Telecopier No. (212) 698-3599
Telephone No. (212) 698-3500

If to either NHTC Party:

[c/o] Natural Health Trends Corp.
2001 West Sample Road
Pompano Beach, Florida 33064
Attention: Neal R. Heller, Esq.
Telecopier No. (954) 969-9747
Telephone No. (954) 969-9771

with a copy to:

Lane & Mittendorf LLP
320 Park Avenue
New York, New York 10022
Attention: Martin C. Licht, Esq.
Telecopier No. (212) 508-3230
Telephone No. (212) 508-3200

Any party may by notice change the address or telecopier number to which notices or other communications to it are to be delivered, telecopied or sent.

SECTION 9.09. Governing Law and Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (other than the choice of law principles thereof). Any claim, action, suit or other proceeding initiated by any party hereto against any other party hereto under or in connection with this Agreement or any other NHTC Party Document or Company Document and/or the Transactions shall exclusively be asserted, brought, prosecuted and maintained in any federal or state court located in the Borough of Manhattan, State of New York, as the party bringing such action, suit or proceeding shall elect, having jurisdiction over the subject matter thereof, and each party hereto hereby irrevocably: (i) submits to the

jurisdiction of such courts, (ii) waives any and all rights to object to the laying of venue in any such court, (iii) waives any and all rights to claim that any such court may be an inconvenient forum, and (iv) agrees that service of process on it in any such action, suit or proceeding may be effected by the means by which notices may be given to it under this Agreement.

SECTION 9.10. Assignment. This Agreement, and the respective rights and obligations of the parties hereunder, may not be assigned or delegated otherwise than by operation of law by either NHTC Party or (after the Closing) the Company without the prior written consent of (if prior to the Closing) the Company or (if after the Closing) the holders of a majority of the then-outstanding Main Transaction Shares, and any purported assignment or delegation by any party

hereto in violation of the foregoing shall be void ab initio; provided, however, that (i): any or all rights of any party to receive the performance of the obligations of the other parties hereunder (but not any obligations of any party hereunder) and rights to assert claims against the other parties in respect of breaches of representations, warranties or covenants may be assigned to any entity extending credit to such party or any of its affiliates, but any assignee of such rights shall take such rights subject to any defenses, counterclaims and rights of set-off to which the non-assigning parties might be entitled under this Agreement; and (ii) this Agreement and the rights of the Company under this Agreement may be assigned as contemplated under Section 4.01(b) hereof. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

SECTION 9.11. Remedies. (a) The parties hereto acknowledge that the remedy at law for any breach of their respective obligations to effect the Main Transaction is and will be insufficient and inadequate and that the parties hereto shall be entitled to equitable relief, in addition to remedies at law. Each party hereto hereby waives the defense that there is an adequate remedy at law in the event of any action to enforce the provisions of this Agreement to effect the Main Transaction. The Company acknowledges that the Subject Assets are unique and cannot be obtained on the open market; and the NHTC Parties acknowledge that the Main Transaction Shares and other benefits to be provided to the Company hereunder are unique and cannot be obtained on the open market. Without limiting any remedies that any party hereto may otherwise have hereunder or under applicable law in the event that any other party hereto refuses to perform its obligations under this Agreement to consummate the Main Transaction, such parties shall have, in addition to any other remedy at law or in equity, the right to specific performance.

(b) The parties hereto acknowledge that any violation or threatened violation of Section 5.01(b) will cause irreparable harm and that the remedy at law for any such violation or threatened violation will be inadequate. Each party hereto therefor agrees that the other parties hereto shall be entitled to temporary and permanent injunctive relief for any such violation or threatened violation without the necessity of proving (i) that the other parties will be irreparably injured thereby, (ii) that the remedy at law for such violation or threatened violation is inadequate or (iii) actual damages.

(c) No party hereto shall have any liability to any other party hereto for any punitive, consequential, incidental or special damages by virtue of any breach of any representation, warranty, covenant or agreement in or pursuant to this Agreement or any

other NHTC Party Document or Company Document or any other agreement, instrument, certificate or other document executed and delivered pursuant hereto or in connection herewith or the Transactions.

SECTION 9.12. Waivers and Amendments. Any waiver of any term or condition of this Agreement, and any amendment or supplementation of this Agreement, shall be effective only if in a writing executed by (or on behalf of) each of the parties hereto; provided, however, that any waiver, amendment or supplementation after the Closing shall, as a condition to the effectiveness thereof, be consented to by the holders of a majority of the then-outstanding Main Transaction Shares. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 9.13. Third Party Rights. Notwithstanding any other provision of this Agreement, and except as permitted pursuant to Sections 4.01(b) and 9.10 hereof or other expressly set forth herein or therein, this Agreement and the other NHTC Party Documents and Company Documents shall not create benefits on behalf of any employee, consultant, agent or representative of any person or entity not party hereto (including without limitation any counsel, accountant,

broker, finder or investment banker, notwithstanding the provisions of Section 9.05), and this Agreement and the other NHTC Party Documents and Company Documents shall be effective only as between the parties hereto, their successors and permitted assigns.

SECTION 9.14. Illegalities. In the event that any provision contained in this Agreement shall be determined to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect, and the remaining provisions of this Agreement, shall not, at the election of the party for whose benefit the provision exists, be in any way impaired.

SECTION 9.15. Bulk Sales. The NHTC Parties hereby waive compliance with all applicable bulk sales laws (if any) in connection with the Main Transaction and other Transactions.

SECTION 9.16. Gender and Plural Terms. Words of gender or neuter may be read as masculine, feminine or neuter, as required by the context. Singular and plural forms of defined and other terms herein may be read as singular or plural, as required or permitted by the context.

SECTION 9.17. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

NHTC: The Company:

NATURAL HEALTH TRENDS CORP. GLOBAL HEALTH ALTERNATIVES, INC.

By:/s/ Neal R. Heller
Title: CEO, President

By:/s/ Sir Brian Wolfson
Title: Chairman

Holdings:

GHA HOLDINGS, INC.

By:/s/ Neal R. Heller
Title: President

EXHIBIT A
(to Agreement)

FORM OF BILL OF SALE AND ASSUMPTION

THIS BILL OF SALE AND ASSUMPTION, dated [CLOSING DATE] (this "Bill of Sale"), is by and between Global Health Alternatives, Inc., a Delaware York corporation ("Transferor"), and GHA Holdings, Inc., a Delaware corporation ("Transferee").

BACKGROUND

Transferor and Transferee are party to that certain Agreement and Plan of Reorganization, dated as of March 19, 1997 (the "Agreement"), by and among Natural Health Trends Corp., a Florida corporation, Transferee, and Transferor, pursuant to which (among other things) Transferor has agreed to sell to Transferee the Subject Assets and Transferee has agreed to assume the Assumed Liabilities, as defined in and more particularly described hereinbelow.

The purpose of this Bill of Sale is to evidence and effect such sale and assumption and to provide for certain related matters. All capitalized terms used and not defined herein shall have the respective meanings ascribed to such terms in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Transferor and Transferee:

1. Subject Assets. Transferor does hereby sell, transfer, grant, convey, assign and set over to Transferee, and its successors and assigns forever, and Transferee does hereby purchase and receive from Transferor, free and clear of any and all liens, security interests, mortgages, pledges, covenants, easements, encumbrances, defects in title, agreements and claims and rights of third parties, all of Transferor's right, title and interest in, to and under the businesses, franchises, rights, claims, privileges, properties and assets owned, used or held for use by Transferor, of every nature and description, tangible and intangible, wherever located and whether or not carried on the books or records of Transferor (the "Subject Assets"), including, without limitation, all the right, title and interest of Transferor in, to and under the following:

(A) All fixed and tangible personal property used or held for use by or for Transferor, including (but not limited to) all physical assets and equipment, leasehold improvements, machinery, vehicles, furniture, fixtures, office materials and supplies and spare parts, together with all replacements thereof, additions and alterations thereto, and substitutions therefor;

(B) All cash on hand, cash equivalents, and bank, brokerage and other deposit accounts, including (but not limited to) the cash equivalents and deposit accounts listed or described in Part A. of Attachment 1 attached hereto;

(C) All trade and other accounts and notes receivable;

(D) All inventory, materials and supplies, including, without limitation, all raw materials, work-in-progress and finished goods;

(E) All prepaid expenses, advances and deposits;

(F) All registered and unregistered patents, patent applications, trade names, service marks, trademarks, trademark applications, trade dress rights, copyrights, copyright applications, inventions, trade secrets, computer software, logos, slogans, proprietary processes and formulae and all other proprietary technical and other information, know-how and intellectual property rights, whether patentable or unpatentable, owned, licensed or used by Transferor, and all goodwill of Transferor and the associated with any of the foregoing (collectively, "Intellectual Property Rights"), including (but not limited to) those Intellectual Property Rights listed or described in Part A. of Attachment 1 attached hereto;

(G) All records and files of Transferor, including (but not limited to) property records, production records, research and development records, engineering records, financial records, purchasing and sales records, personnel records, plant records, mailing lists, customer and

vendor lists and records, and computer programs, computer records, computer files and related software and manuals;

(H) All stationery, purchase orders, forms, labels, shipping material, catalogs, brochures, art work, photographs and advertising and promotional copy, materials and literature;

(I) All transferable Federal, state, local and foreign governmental licenses, permits, authorizations and approvals required for the operation of Transferor, including (but not limited to) those listed or described in Part A. of Attachment 1 attached hereto;

(J) the outstanding capital stock of all Subsidiaries of Transferor, a list or description of which is included in Part A. of Attachment 1 attached hereto and made part hereof; and

(K) All rights against third parties relating to the Subject Assets or the Assumed Liabilities (as hereinafter defined).

2. Assumed Liabilities. Transferor does hereby transfer, assign and delegate to Transferee, and Transferee does hereby assume and agree to pay, perform, satisfy and discharge in accordance with their respective terms (subject to any defenses or claimed offsets asserted in good faith against the obligee to whom such liabilities are owed) all the indebtedness, liabilities and obligations of Transferee (including those under

Assigned/Assumed Contracts, as hereinafter defined) (the "Assumed Liabilities"); provided, however, that, notwithstanding anything to the contrary set forth herein, Transferee is not assuming and shall not assume (and the definition of "Assumed Liabilities" excludes), and Transferor shall retain responsibility for and be liable to discharge, pay and perform, the indebtedness, liabilities and obligations of Transferor (the "Retained Liabilities"):

(A) for Taxes (relating to all periods, before or after the date hereof);

(B) in respect of any action, suit, claim, proceeding, investigation or similar matter (including with respect to product liability and other third-party liability claims)) to the extent that the same may result from, relate to or arise out of occurrences on or before the Closing Date;

(C) owed to or held by either any stockholder or warrant holder of the Company (in their capacities as such); and

(D) for any fees, costs and expenses in connection with the negotiation, execution and/or consummation of the transactions contemplated by the Agreement.

3. Assigned/Assumed Contracts. Transferor does hereby sell transfer, grant, convey, assign, delegate and set over to Transferee, and its successors and assigns forever, and Transferee does hereby receive, assume and agree to pay, perform, satisfy and discharge in accordance with their respective terms, all of the rights, title, interest and obligations of Transferor in, to and under the Company Contracts listed on Attachment 2 attached hereto and made part hereof (the "Assigned/Assumed Contracts").

4. The Agreement. Nothing contained in this Bill of Sale shall be deemed to enlarge, diminish or otherwise affect any of the rights, obligations, covenants, agreements, representations or warranties of the Transferor, Transferee or any other party contained in the Agreement, it being expressly agreed that the same shall survive the execution and delivery hereof to the extent provided in the Agreement. In addition, to the extent anything contained herein shall conflict with the Agreement, the Agreement shall govern and control.

5. Limitation on Liabilities. Except as expressly set forth herein with respect to the Assumed Liabilities, Transferee is not taking the Subject Assets or the Assigned/Assumed Contracts subject to, and Transferee is not assuming, any debts, liabilities, duties or obligations of Transferor, and any such assumption, to the maximum extent permitted by law, is hereby expressly disclaimed and negated.

6. Power of Attorney. Transferor does hereby appoint Transferee, and

its successors and assigns forever, as the true and lawful attorney-in-fact of Transferor, with full power of substitution and at the expense of the Transferee, to institute and prosecute all proceedings which Transferee may deem proper in order to collect, assert or enforce any claim, right, title or interest in, to or under any of the Subject Assets and Assigned/Assumed

Contracts, to defend or compromise any or all actions, suits or proceedings in respect of any of the Subject Assets and Assigned/Assumed Contracts, and to do all such other acts and things in relation to the Subject Assets and Assigned/Assumed Contracts as Transferee shall deem advisable.

7. Further Assurances. Transferor will, at any time and from time to time after the date hereof, on the request Transferee, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be reasonably required for the better transferring, assigning, conveying, granting, assuring and confirming to Transferee, or for the aiding and assisting in the collection of or reducing to possession by Transferee, of any of the Subject Assets or Assigned/Assumed Contracts, or to vest in Transferee all of Transferor's right, title and interest in and to the Subject Assets and the Assigned/Assumed Contracts, or to otherwise enable Transferee to realize upon or otherwise enjoy the Subject Assets and Assigned/Assumed Contracts.

8. Successors and Assigns. This Bill of Sale shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9. Governing Law; Jurisdiction and Venue. This Bill of Sale shall be construed and enforced in accordance with the laws of the State of New York (without regard to the conflict-of-law laws and principles thereof). Any claim, action, suit or other proceeding initiated by any of either party hereto against the other under or in connection with this Bill of Sale may be asserted, brought, prosecuted and maintained in any federal or state court in the City and State of New York, as the party bringing such action, suit or proceeding shall elect, having jurisdiction over the subject matter thereof, and Transferor and Transferee hereby irrevocably (a) submit to the jurisdiction of such courts, (b) waive any and all rights to object to the laying of venue in any such court, (c) waive any and all rights to claim that any such court may be an inconvenient forum, and (d) agree that service of process on them in any such action, suit or proceeding may be effected by the means by which notices may be given to it under the Asset Agreement.

10. Counterparts. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed to be an original document but all of which together shall constitute a single document.

IN WITNESS WHEREOF, the undersigned have executed this Bill of Sale on the date first above written.

Transferor:	Transferee:
GLOBAL HEALTH ALTERNATIVES INC.	GHA HOLDINGS, INC.
By: ----------	By: ----------
Name:	Name:
Title:	Title:

EXHIBIT A
(to Agreement)

Attachment 1
(to Bill of Sale)

Listed Subject Assets

This Attachment 1 is intended to list only certain of the Subject Assets, and is not intended to be (nor shall it be construed as) and exhaustive list of any of the Purchased Assets or any category or type thereof.

Cash Equivalents and Deposit Accounts

[To be added by Closing]

Intellectual Property Rights

[To be added by Closing]

Subsidiaries

1. Ellon, Inc., a Delaware corporation
2. Maine Naturals, Inc., a Delaware corporation
3. Global Health Alternatives (UK) Ltd., an England and Wales corporation
4. [To be added by Closing: Name of company formed to effect the Troy Acquisition]

EXHIBIT A
(to Agreement)

Attachment 2
(to Bill of Sale)

Assigned/Assumed Contracts

[To be added by Closing]

FORM OF DEBENTURE

THESE SECURITIES (THE "SECURITIES"), AND THE SHARES ISSUABLE UPON CONVERSION HEREOF, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

No.____ US $___

NATURAL HEALTH TRENDS CORP.

6% CONVERTIBLE DEBENTURE DUE March 31, 2000

THIS DEBENTURE is one of a duly authorized issue of $1,300,000 in Debentures of NATURAL HEALTH TRENDS CORP., a corporation duly organized and existing under the laws of the State of Florida (the "Company") designated as its 6% Convertible Debenture Due March 31, 2000.

FOR VALUE RECEIVED, the Company promises to pay to the _____, the registered holder hereof (the "Holder"), the principal sum of _____ (US $_____) Dollars on March 31, 2000 (the "Maturity Date") and to pay interest on the principal sum outstanding from time to time in arrears upon the earlier of the Conversion Date or March 31, 2000 at the rate of 6% per annum accruing from the date of initial issuance. Accrual of interest shall commence on the first such business day to occur after the date hereof until payment in full of the principal sum has been made or duly provided for. Subject to the provisions of P. 4 below, the principal of, and interest on, this Debenture are payable at the option of the Holder, in shares of Common Stock of the Company, $.001 par value ("Common Stock"), or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Debenture Register of the Company as designated in writing by the Holder from time to time. The Company will pay the principal of and interest upon this Debenture on the Maturity Date, less any amounts required by law to be deducted, to the registered holder of this Debenture as of the tenth day prior to the Maturity Date and addressed to such holder as the last address appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Debenture is subject to the following additional provisions:

1. The Debentures are issuable in denominations of One Hundred Thousand Dollars (US$100,000) and integral multiples thereof. The Debentures are exchangeable for an equal aggregate principal amount of Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Debenture any amounts required to be withheld under the applicable provisions of the United States income tax laws or other applicable laws at the time of such payments, and Holder shall execute and deliver all required documentation in connection therewith.

3. This Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged only in compliance with the Securities Act of 1933, as amended (the "Act"), and other applicable state and foreign securities laws. In the event of any proposed transfer of this Debenture, the Company may require, prior to

issuance of a new Debenture in the name of such other person, that it receive reasonable transfer documentation including opinions that the issuance of the Debenture in such other name does not and will not cause a violation of the Act or any applicable state or foreign securities laws. Prior to due presentment for transfer of this Debenture, the Company and any agent of the Company may treat the person in whose name this Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4. (A) The Holder of this Debenture is entitled, at its option, to convert at any time commencing the earlier of (a) (i) ninety (90) days after the closing of sale of the Debenture with respect to one-half of the principal amount of this Debenture, and (ii) one hundred twenty (120) days after the closing of sale of the Debentures with respect to the balance of the principal amount of this Debenture (the "Closing"), or (b) the effective date of the Registration Statement filed pursuant to the Registration Rights Agreement between the Company and the Holder, the principal amount of this Debenture, into shares of Common Stock of the Company at a conversion price for each share of Common Stock equal to the lesser of (a) $1.4375, or (b) 80% of the Market Price on the Conversion Date as defined below (the "Conversion Rate"). For purposes of this Section 4, the Market Price shall be the average closing bid price of the Common Stock on the five (5) trading days immediately preceding the Conversion Date, as may be applicable, as reported by the National Association of Securities Dealers, or the closing bid price on the over-the-counter market on such date or, in the event the Common Stock is listed on a stock exchange, the Market Price shall be the closing price on the exchange on such date, as reported in the Wall Street Journal. Conversion shall be effectuated by surrendering the Debentures to be converted to the Company with the form of conversion notice attached hereto as Exhibit A, executed by the Holder of the

Debenture evidencing such Holder's intention to convert this Debenture or a specified portion (as above provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Interest accrued or accruing from the date of issuance to the date of conversion shall, at the option of the Purchaser, be paid in cash or Common Stock upon conversion at the Conversion Rate. No fraction of Shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. The date on which notice of conversion is given (the "Conversion Date") shall be deemed to be the date on which the Holder has delivered this Debenture, with the conversion notice duly executed, to the Company or, the date set forth in such facsimile delivery of the notice of conversion if the Debenture is received by the Company within three (3) business days therefrom. Facsimile delivery of the conversion notice shall be accepted by the Company at telephone number (954-969-9747; ATT: _____). Certificates representing Common Stock upon conversion will be delivered within three (3) business days from the date the notice of conversion is delivered to the Company.

(B) (i) The Company shall have the right at any time to redeem any Debentures for which a Notice of Conversion has not theretofore been submitted by delivering a Notice of Redemption to the Holder of the Debenture.

(ii) The redemption price shall be calculated at 120% of the principal amount of the Debenture, plus accrued and unpaid interest, and shall be paid to the holder within ten (10) business days from the date of the Notice of Redemption, except with respect to any Debentures for which a Notice of Conversion is

submitted to the Company, within five (5) business days of the Holder's receipt of the Company's Notice of Redemption. Furthermore, in the event such payment is not timely made, any rights of the Company to redeem the Debenture shall terminate, and the Notice of Redemption shall be null and void.

5. No provision of this Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Debenture at the time, place, and rate, and in the coin or currency, herein proscribed. This Debenture and all other Debentures now or hereafter issued of similar terms are direct obligations of the Company.

6. No recourse shall be had for the payment of the principal of, or the interest on, this Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

7. If the Company merges or consolidates with another corporation or sells or transfers all or substantially all of its assets to another person and the holders of the Common Stock are entitled to receive stock, securities or property in respect of or in exchange for Common Stock, then as a condition of such merger, consolidation, sale or transfer, the Company and any such successor, purchaser or transferee agree that the Debenture may thereafter be converted on the terms and subject to the conditions set forth above into the kind and amount of stock, securities or property receivable upon such merger, consolidation, sale or transfer by a holder of the number of shares of Common Stock into which this Debenture might have been converted immediately before such merger, consolidation, sale or transfer, subject to adjustments which shall be as nearly equivalent as may be practicable. In the event of any proposed merger, consolidation or sale or transfer of all or substantially all of the assets of the Company (a "Sale"), the Holder hereof shall have the right to convert by delivering a Notice of Conversion to the Company within fifteen (15) days of receipt of notice of such Sale from the Company. In the event the Holder hereof shall elect not to convert, the Company may prepay all outstanding principal and accrued interest on this Debenture, less all amounts required by law to be deducted, upon which tender of payment following such notice, the right of conversion shall terminate.

8. The Holder of the Debenture, by acceptance hereof, agrees that this Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Debenture or the Shares of Common Stock issuable upon conversion thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky or foreign laws or similar laws relating to the sale of securities.

9. This Debenture shall be governed by and construed in accordance with the laws of the State of New York. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non coveniens, to the bringing of any such proceeding in such jurisdictions.

10. The following shall constitute an "Event of Default":

a. The Company shall default in the payment of principal or interest on this Debenture; or

b. Any of the representations or warranties made by the Company herein, in the Securities Purchase Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by the Company in connection with the execution and delivery of this Debenture or the Securities Purchase Agreement

shall be false or misleading in any material respect at the time made; or

c. The Company fails to issue shares of Common Stock to the Holder or to cause its Transfer Agent to issue shares of Common Stock upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Debenture, fails to transfer or to cause its Transfer Agent to transfer any certificate for shares of Common Stock issued to the Holder upon conversion of this Debenture and when required by this Debenture or the Registration Rights Agreement, or fails to remove any restrictive legend or to cause its Transfer Agent to transfer on any certificate or any shares of Common Stock issued to the Holder upon conversion of this Debenture as and when required by this Debenture, the Agreement or the Registration Rights Agreement and any such failure shall continue uncured for five (5) business days.

d. The Company fails to issue shares of Common Stock to the Holder or to cause its Transfer Agent to issue shares of Common Stock upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Debenture, fails to transfer or to cause its Transfer Agent to transfer any certificate for shares of Common Stock issued to the Holder upon conversion of this Debenture and when required by this Debenture or the Registration Rights Agreement, or fails to remove any restrictive legend or to cause its Transfer Agent to transfer on any certificate or any shares of Common Stock issued to the Holder upon conversion of this Debenture as and when required by this Debenture, the Agreement or the Registration Rights Agreement and any such failure shall continue uncured for five (5) business days.

e. The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Debenture and such failure shall continue uncured for a period of thirty (30) days after written notice from the Holder of such failure; or

f. The Company shall (1) admit in writing its

inability to pay its debts generally as they mature; (2) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (3) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or

g. A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within sixty (60) days after such appointment; or

h. Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within sixty (60) days thereafter; or

i. Any money judgment, writ or warrant of attachment, or similar process in excess of Two Hundred Thousand ($200,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

j. Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within sixty (60) days after such institution or the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

k. The Company shall have its Common Stock suspended or delisted from an exchange or over-the-counter market from trading for in excess of one (1) business day.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

11. Nothing contained in this Debenture shall be construed as conferring upon the Holder the right to vote or to receive dividends or to

consent or receive notice as a shareholder in respect of any meeting of shareholders or any rights whatsoever as a shareholder of the Company, unless and to the extent converted in accordance with the terms hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: _____, 1997

NATURAL HEALTH TRENDS CORP.

By: _____
Name:
Title:

EXHIBIT A

NOTICE OF CONVERSION

(To he Executed by the Registered Holder in order to Convert the Debenture)

The undersigned hereby irrevocably elects to convert $_____ of the principal amount of the above Debenture No. into Shares of Common Stock of NATURAL HEALTH TRENDS CORP. (the "Company") according to the conditions hereof, as of the date written below.

The undersigned hereby reaffirms the undersigned's representations made in the Securities Purchase Agreement between the undersigned and the Company as of the date hereof.

Date of Conversion* _____

Applicable Conversion Price _____

Signature _____
[Name]

Address: _____

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* This original Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

SECURED PROMISSORY NOTE

$810,000 April 8, 1997

FOR VALUE RECEIVED, GLOBAL HEALTH ALTERNATIVES, INC., a Delaware corporation (the "Maker") having an office at 193 Middle Street, Suite 201, Portland Maine 04101 hereby promises to pay to the order of NATURAL HEALTH TRENDS CORP., a Florida corporation (the "Payee"), at the office of the Payee at 2001 West Sample Road, Pompano Beach, Florida 33064 or at such other place as the Payee of this Note may designate in writing from time to time, the principal sum of EIGHT HUNDRED TEN THOUSAND ($810,000) DOLLARS together with interest thereon at the prime rate of interest as set forth by Citibank, N.A., New York, New York ("Citibank"). In the event of a change in the Prime Rate by Citibank, the interest rate shall change on the first day of the month following the date of the change of the Prime Rate. Principal and interest shall be payable on December 31, 1997 or ON DEMAND by the Payee, whichever shall first occur, in lawful money of the United States and in immediately available funds; provided that, in the event of the consummation of the transactions contemplated by the Agreement and Plan of Reorganization, dated as of March 19, 1997 (the "Reorganization Agreement"), among Maker, Payee and GHA Holdings, Inc. ("Holdings"), Payee shall contribute this Secured Promissory Note to the capital of Holdings.

The following shall be deemed "Events of Default" hereunder:

(a) If any payment hereunder or under the Security Agreement shall not be made when due or demanded;

(b) if the Maker fails to maintain in force the insurance required under the Security Agreement or except as otherwise provided in the Security Agreement, removes, sells, transfers, encumbers, sublets or parts with possession of the Collateral or any part thereof (other than as contemplated by the Reorganization Agreement) or attempts to do any of the foregoing;

(c) if the Maker shall fail to perform or comply with any of the other terms, covenants, or conditions of this Note, the Reorganization Agreement or the Security Agreement;

(d) if the Collateral or any part thereof be seized or levied upon under legal process;

(e) if the Maker defaults under or breaches any of the terms, covenants or conditions of any other security agreement, conditional sales contract, lease, instrument, note or agreement it may now have or hereafter make with Payee or Holdings;

(f) if Payee ceases doing business as a going concern, other than as contemplated by the Reorganization Agreement, or makes or sends notice of an intended bulk sale or makes an assignment for the benefit of creditors;

(g) if any proceedings are commenced by or against Maker under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute of any jurisdiction, whether now or hereafter in effect;

(h) if a receiver, trustee or conservator be appointed for any of Maker's property; or

(i) if any guaranty, representation or statement made herein by Maker or contained in any separate statement in writing in connection herewith, including, without limitation, any financial statements furnished to Payee by or on behalf of Maker, is untrue or incomplete in any material respect.

Unless the Payee otherwise elects, in the Payee's sole

discretion, this Note shall automatically become immediately due and payable, without further notice or demand, upon the occurrence of any event of default hereinabove described and shall bear interest until paid in full at the Prime Rate plus five (5%) percent per annum. Upon the acceleration of the entire or any portion of the unpaid balance of this Note, the holder, without prejudice to any other rights, is authorized to proceed against Maker and shall not be required to have recourse to any security given for payment of this Note.

Nothing contained in this Note shall require the Maker to pay interest at a rate exceeding the maximum rate permitted by applicable law. If the amounts payable to the Payee on any date shall exceed the maximum permissible amount, such amounts shall be automatically reduced to the maximum permissible amount, and the payments for any subsequent period, to the extent less than that permitted by applicable law, shall, to that extent, be increased by the amount of such reduction. In the event that the period from the due date of such payment is not long enough to cause the payments due hereunder not to exceed the maximum amount permitted by applicable law, then the Payee at its option shall have the right (i) to extend the amount of time for such payment such that the payments shall not be deemed to exceed the maximum amount permitted by applicable or (ii) to reduce the amounts payable under this Note.

In the event of the termination of the Reorganization Agreement, the Payee shall have the right at its option to convert the amounts due under this Note in, whole or in part, into fully paid and nonassessable shares of Common Stock of the Maker at the conversion price of $2.25 per share (the "Conversion Price"), by surrender of this Note to the Maker, together with a notice indicating the amount to be converted.

The Conversion Price in effect at any time and the number and kind of securities purchasable upon the conversion of this Note shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) If the Maker shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, then the Conversion Price in effect at the time of the effective date or record date, as the case may be, for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Conversion Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action.

(b) Whenever the Conversion Price payable upon conversion of the Note is adjusted pursuant to the preceding paragraph the number of shares of Common Stock purchasable upon conversion of this Note shall simultaneously be adjusted by multiplying the number of shares of Common Stock initially issuable upon conversion of this Note by the Conversion Price in effect on the date hereof and dividing the product so obtained by the Conversion Price, as adjusted.

The Maker acknowledges that the Payee has advanced monies to the Maker under this Note in accordance with the Reorganization Agreement. The Maker acknowledges that the principal sum hereunder exceeds the actual amount of funds received by the Maker. The Maker understands that the amount in excess of the amounts received by the Maker represents the costs and expenses of the Payee in obtaining the amounts received by the Maker and that the Payee would not have incurred all of such costs and expenses if Payee had not done so on behalf of the Maker. The Maker acknowledges and agrees that such costs and expenses relate to the costs of the Payee in obtaining the amount of funds received by the Maker, including, but not limited to, finder's fees, commissions and counsel fees, and that the Maker is obligated hereunder to the Payee for the full amount of this Note, including such costs and expenses.

At the option of Maker, the unpaid balance of this Note may be prepaid in whole or in part, from time to time, without penalty or premium.

Except as otherwise expressly provided herein, Maker hereby waives presentment, demand for payment, dishonor, notice of dishonor, protest and notice of protest.

The liability of Maker hereunder shall be unconditional. No act, failure or delay by the holder hereof to declare a default as set forth herein or to exercise any right or remedy it may have hereunder, or otherwise, shall constitute a waiver of its rights to declare such default or to exercise any such right or remedy at such time as it shall determine in its sole discretion.

Maker further agrees to pay all costs of collection, including a reasonable attorney's fee and all costs of levy or appellate proceedings or review, or both, in case the principal or any interest thereon is not paid at the respective maturity thereof, or in case it becomes necessary to protect the security hereof, whether suit be brought or not.

Any and all notices or other communications required or permitted to be given under this Note shall be in writing and shall be deemed to have been duly given upon personal delivery or the mailing thereof by certified or registered mail (a) if to Maker, addressed to it at its address set forth above; and (b) if to Payee, addressed to it or at such other address any person or entity entitled to receive notices may specify by written notice given as aforesaid.

This Note may not be amended, modified, supplemented or terminated orally.

This Note shall be binding upon Maker, its legal representatives, successors or assigns and shall inure to the benefit of Payee and its successors, endorsees, assigns or holder(s) in due course.

This Note shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law. By signing below, Maker hereby irrevocably submits to the jurisdiction of such state and to service of process by certified or registered mail at Maker's last known address. No provision of this Note may be changed unless in writing signed by the Payee.

IN WITNESS WHEREOF, Maker has caused this Note to be duly executed and delivered by its duly authorized representative as of the date and year first above written.

GLOBAL HEALTH ALTERNATIVES, INC.

By: _____
Name:
Title:

SECURITY AGREEMENT

AGREEMENT, dated as of April 8, 1997 between GLOBAL HEALTH

ALTERNATIVES, INC., a Delaware corporation ("Debtor"), having its principal place of business at 193 Middle Street, Suite 201, Portland, Maine 04101, and NATURAL HEALTH TRENDS CORP., a Florida corporation (the "Secured Party"), having its principal place of business at 2001 West Sample Road, Pompano Beach, Florida 33064.

GRANTING CLAUSE: FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in order to secure an indebtedness owed by Debtor to the Secured Party as evidenced by the Secured Promissory Note, dated April 8, 1997 in the original principal amount of $810,000 (the "Note"), and any renewal, extensions, or replacement of the Note, and to secure the obligations of Debtor under this Agreement and any other obligation (which is now in existence or may hereafter come into existence) of Debtor to the Secured Party or any subsidiary or affiliate of the Secured Party, Debtor hereby grants to the Secured Party a lien on and security interest in the property listed on Schedule A annexed hereto, together with all present and future attachments, accessions, accessories, additions, substitutions and all replacements thereto or thereof or hereafter attached to, placed upon, or used in connection with, such property wherever located and all proceeds of the foregoing, including any insurance proceeds relating thereto (collectively, the "Collateral"), which lien and security interest shall be first, primary, and subject to no other lien whatsoever. In furtherance (and not in limitation) of the foregoing, concurrently with the execution and delivery hereof Debtor shall execute and deliver a Pledge Agreement with Secured Party, (as so executed and delivered, the "Pledge Agreement"), as to certain securities included among the Collateral.

The parties further agree that:

1. DEBTOR'S WARRANTIES, REPRESENTATIONS AND COVENANTS: Debtor hereby warrants and represents to the Secured Party (a) that the Collateral is lawfully owned by Debtor, free and clear of all other liens, encumbrances and security interests, and Debtor will warrant and defend title to the same against the claims and demand of all persons; (b) that Debtor has not granted, and will not grant, to anyone other than Secured Party any security interest in the Collateral and, except for financing statements in favor of the Secured Party, no Financing Statement or other instrument affecting the Collateral, or rights therein is on file in any public filing office; (c) that the Collateral is and shall be retained in Debtor's possession at the Debtor's address set forth above except for such of the Collateral as constitutes inventory that is in the possession of merchants for resale; (d) that the Collateral is and will be used only for business or commercial purposes; (e) that this Agreement and the Note have been validly authorized, duly executed and delivered and constitute the valid and legally binding obligations of the Debtor, enforceable in accordance with their respective terms and are not violative of, or create a default under, its Certificate of Incorporation or By-laws or under any

order, writ, injunction or decree of any court of governmental instrumentality or any agreement to which Debtor is a party or by which its property is bound.

2. INSURANCE: Debtor agrees that from the date hereof it will, at its sole cost and expense, keep the Collateral insured against all risks of loss or damage with extended coverage for not less than the greater of the indebtedness or the Collateral's full replacement cost and that it will carry personal injury liability and property damage liability insurance in such amount and covering such risks as Secured Party may reasonably require. All said insurance shall be in form and with companies satisfactory to Secured Party.

3. USE OF COLLATERAL AND OTHER DEBTOR OBLIGATIONS: All risks of loss, theft or destruction of the Collateral shall be borne by the Debtor. Debtor agrees that it will not use the Collateral in violation of any statute or ordinance or applicable insurance policy and will promptly pay all taxes, assessments, license fees and other public or private charges levied or assessed against the Collateral and this obligation shall survive the termination of this Agreement; that Debtor will not permit any lien, charge, encumbrance or security interest of any kind whatsoever (other than the Secured Party's security interest) to issue upon or attach to the Collateral; that

Debtor will not remove the collateral from its location as above set forth without the prior written consent of Secured Party; that except in the ordinary course of Debtor's business, Debtor will not secrete, sell, transfer, dispose of, attempt to dispose of, substantially modify or abandon the Collateral or any part thereof; that Debtor will sign and deliver to Secured Party such financing statements and Continuation Statements, in form acceptable to Secured Party, as Secured Party may, from time to time, reasonably request, or as are reasonably necessary in the opinion of Secured Party, to establish and maintain a valid security interest in the Collateral and Debtor will pay any related filing fees or cost with respect thereto and for prior lien searches; and that Debtor hereby constitutes and appoints Secured Party its true and lawful attorney-in-fact to execute and deliver any financing statement or other documents which may be required to establish and/or maintain Secured Party's security interest in the Collateral. Debtor shall, at its own cost and expense, protect and defend its title to the Collateral and defend all actions and claims which may be asserted against the Collateral and its use thereof. Debtor will allow Secured Party and its representatives free access to the Collateral at all reasonable times for purposes of inspection or repair.

4. DEFAULT: Debtor shall be in default (an "Event of Default") under the terms of this Agreement and the Note upon the occurrence of any of the following: (a) if the Debtor shall fail to make any payment under the Note or this Agreement when due or when demanded; (b) if the Debtor fails to maintain in force the required insurance or except as otherwise provided herein, removes, sells, transfers, encumbers, sublets or parts with possession of the Collateral or any part thereof (other than as contemplated by the Agreement and Plan of Reorganization, dated as of March 19, 1997 (the "Reorganization Agreement"), among Debtor, Secured Party and GHA Holdings, Inc.) or attempts to do any of the foregoing; (c) if the Debtor shall fail to perform or comply with any of the other terms, covenants, or conditions of this Agreement, the Reorganization Agreement, the Note or the Pledge Agreement; (d) if the Collateral or any part thereof shall be seized or levied upon under legal process; (e) if the Debtor defaults under or

breaches any of the terms, covenants or conditions of any other security agreement, conditional sales contract, lease, instrument, note or agreement it may now have or hereafter make with Secured Party; (f) if Debtor ceases doing business as a going concern, other than as contemplated by the Reorganization Agreement, or makes or sends notice of an intended bulk sale (other than as contemplated by the Reorganization Agreement) or makes an assignment for the benefit of creditors; (g) if any proceedings are commenced by or against Debtor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute of any jurisdiction, whether now or hereafter in effect; (h) if a receiver, trustee or conservator be appointed for any of Debtor's property; or (i) if any guaranty, representation or statement made herein by Debtor or contained in any separate statement in writing in connection herewith or in connection with the Reorganization Agreement, including, without limitation, any financial statements furnished to Secured Party by or on behalf of Debtor, is untrue or incomplete in any material respect.

Upon the occurrence of any Event of Default, the indebtedness secured hereby and all other obligations then owing by the Debtor to Secured Party shall, if Secured Party so elects, become immediately due and payable and Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of New York and any other applicable laws, and it shall then be lawful for, and Secured Party is hereby authorized and empowered, with the aid and assistance of any person or persons, to enter any premises where the Collateral or any part thereof is, or may be, placed, and to assemble and/or remove same and/or to render it unusable and/or sell and dispose of such Collateral at one or more public or private sales upon at least five (5) days written notice to Debtor of such sale (which notice and method of sale Debtor hereby agrees is commercially reasonable), and Secured Party may be a buyer of the Collateral thereat. The proceeds of each such sale shall be applied by Secured Party toward the payment of expenses of retaking, including transportation, storage, refurbishing, preparing such sale, advertising, selling and all related charges and disbursements in connection

therewith and the indebtedness and interest secured hereby. Should the proceeds of any such sale be insufficient to fully pay all the items above mentioned, Debtor hereby covenants and agrees to pay any deficiency to Secured Party. In the event that an Event of Default has occurred and is continuing, Secured Party may employ any of the remedies set forth herein regardless of whether Secured Party exercises its right to make a demand under the Note.

If Secured Party employs counsel for the purpose of effecting collection of any monies due hereunder (whether or not Secured Party has retaken the Collateral or any part thereof) or for the purpose of recovering the Collateral, or for the purpose of protecting Secured Party's interest because of the occurrence of any Event of Default of Debtor, Debtor agrees to pay reasonable attorneys' fees and such attorneys' fees shall be a lien on the Collateral herein and the proceeds thereof. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. All rights and remedies hereunder are cumulative and not exclusive and a waiver by Secured Party of any breach by Debtor or the terms, covenants, and conditions hereof shall not constitute a waiver of future breaches or defaults or Events of Default and no failure or delay on the part of Secured Party in exercising any of its options, powers, rights or remedies or partial or single exercise thereof, shall constitute a waiver thereof.

5. WAIVER OF TRIAL BY JURY: Debtor hereby waives the right of a jury trial in any action or proceeding by either party, or assigns, arising out of the subject matter of this Agreement, the Collateral, or the Note or other obligations secured hereby.

6. NOTICES: All notices hereunder shall be contained in a written instrument transmitted (i) in person, (ii) by first class, registered or certified mail, return receipt requested, (iii) by telefacsimile or telex (confirmed by written notice in the manner specified in (ii) above), or (iv) by overnight delivery, each addressed to such party at the address set forth on the first page of this Agreement or such other address as may be designated by due notice.

7. MISCELLANEOUS: This Agreement supersedes all prior agreements, contains the entire understanding relating to its subject matter and is binding on the parties and their successors and assigns. No provision may be modified, terminated or waived except by an express writing signed by both parties. No waiver will constitute a waiver of any other or future breach. This Agreement was accepted in, is to be governed by and construed in accordance with the internal laws (excluding the laws concerning conflicts of laws) of, and any dispute adjudicated exclusively in, the State of New York, where both parties hereby consent to jurisdiction in any state or federal court located in such jurisdiction, and any action therein may be commenced by written notice thereof to the addresses set forth above. The provisions hereof are severable and this Agreement will be enforced to the maximum extent permitted by applicable law. This Agreement may be executed in counterparts and may be executed by facsimile, which will be deemed an original.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above written.

DEBTOR

GLOBAL HEALTH ALTERNATIVES, INC.

By:_____
Name:
Title:

SECURED PARTY

NATURAL HEALTH TRENDS CORP.

By:_____
Name:
Title:

SCHEDULE A

DEBTOR: GLOBAL HEALTH ALTERNATIVES, INC.

SECURED PARTY: NATURAL HEALTH TRENDS CORP.

To secure payment and performance of all indebtedness and obligations owed to Secured Party, Debtor grants to Secured Party a continuing security interest in the following, whether now owned or existing or hereafter acquired or arising or in which Debtor now has or may hereafter acquires any rights:

A. All of the Debtor's right, title and interest in and to all the issued and outstanding shares of stock of Ellon, Inc., a Delaware corporation and Maine Naturals, Inc., a Delaware corporation, both of which are wholly-owned subsidiaries of the Debtor.

B. All accounts, accounts receivable, contract rights, instruments, letters of credit, acceptances, guarantees, drafts or other forms of obligations and receivables of Debtor arising from the sale or lease of inventory, or the rendition of services by Debtor in the ordinary course of business or otherwise (all of the foregoing herein collectively called accounts), whether or not the accounts be listed on any schedules, assignments or reports furnished to Secured Party from time to time, and whether or not the accounts are now existing or are created at any time hereafter; together with all goods, inventory and merchandise returned by or reclaimed by or repossessed from customers on such accounts, wherever such goods, inventory and merchandise are located, and all proceeds thereof, including but not limited to, proceeds of insurance thereon; and all guaranties, securities, and liens which Debtor may hold for the payment of any accounts, including without limitation, all rights of stoppage in transit, replevin and reclamation and all other rights and remedies of any unpaid vendor or lienor, and all liens held by the Debtor as a mechanic contractor, subcontractor, materialman, machinist, manufacturer, artisan, or otherwise, including without limitation the following contract rights: (1) the rights of the Debtor in Natural Relief - 1222, United States Patent No. 5,032,400; (2) the rights of the Debtor pursuant to the agreement between the Debtor and Mebo Holding Corp.; and (3) any and all future rights of the Debtor to market Natural Relief - 1222 through the National Football League.

C. All inventory (other than consigned inventory) of Debtor wherever located, including without limitation, all goods manufactured or acquired for sale or lease, and any piece goods, raw materials, work in process and finished merchandise, findings or component materials, and all supplies, goods, incidentals, office supplies, packaging materials and any and all items used or consumed in the operation of the business of the Debtor or which contribute to the finished product or to the sale, promotion and shipment thereof, in which Debtor now or at anytime hereafter may have an interest, whether or not such inventory is listed in any reports furnished to Secured Party from time to time; all inventory whether or not the same is in transit

or in the constructive, actual or exclusive occupancy of possession of Debtor or is held by Debtor or by others for Debtor's account including without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers; all inventory which may be located

on premises of Debtor or of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or third parties; all insurance proceeds and products of any and all of the foregoing resulting from the sale, lease or other disposition of inventory, including cash, accounts, contract rights, other non-cash proceeds and trade-ins; and with respect to after-acquired inventory, the security interest shall be a purchase money security interest.

D. All machinery, equipment, fixtures, furniture, furnishings, improvements, tools, fuel and goods of any kind, whether now owned or hereafter acquired or in which Debtor may in the future acquire an interest.

E. All documents, instruments, documents of title, policies and certificates of insurance, guaranties, securities, chattel paper, deposits,proceeds of insurance, cash liens or other property owned by the Debtor or in which it had an interest which are now or may hereafter be in the possession of Debtor or as to which Debtor may hereafter control possession by documents of title or otherwise, including, but not limited to, all property allocable to unshipped orders.

F. All bank accounts,including, but not limited to, deposit accounts, now existing or hereafter arising, together with the right to withdraw from said bank accounts and make deposits to the same.

G. All general intangibles, now existing or hereafter owned or acquired, including, but not limited to, patents, patent applications, trademarks, trademark registrations and applications therefor, trade names, trade processes, copyrights, copyright registrations and applications therefor, licenses, franchises, tax refunds and corporate name and good will of Debtor's business.

H. All books, records, customer lists, supplier lists, ledgers, evidence or shipping, invoices, purchase orders, sale orders and all other evidences of Debtor's business records, including all cabinets, drawers and furniture that may hold the same, all whether now owned or in existence or hereafter arising or acquired.

I. All renewals, substitutions, replacements, additions, accessions, proceeds and products of any and all of the foregoing.

SECURITY AGREEMENT

AGREEMENT, dated as of April 8, 1997 among ELLON, INC., a Delaware corporation and MAINE NATURALS, INC., a Delaware corporation (each, the "Debtor"), having its principal places of business at 193 Middle Street, Suite 201, Portland, Maine 04101 and 644 Merrick Road, Lynbrook, New York 11563, and NATURAL HEALTH TRENDS CORP., a Florida corporation (the "Secured Party") having its principal place of business at 2001 West Sample Road, Pompano Beach, Florida 33064.

WHEREAS, Ellon, Inc. and Maine Naturals, Inc. are both wholly-owned subsidiaries and will each derive a substantial benefit from the amounts advanced to Global Health Alternatives, Inc. ("GHA") by the Secured Party; and

WHEREAS, the Secured Party would not have advanced such amounts to the debtor without this Agreement.

GRANTING CLAUSE: FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the obligations of Debtor under a guarantee (the "Guarantee") of even date herewith and any other obligation (which is now in existence or may hereafter come into existence) of Debtor to the Secured Party or any subsidiary or affiliate of the Secured Party, Debtor hereby grants to the Secured Party a lien on and security interest in the property listed on Schedule A annexed hereto, together with all present and future attachments, accessions, accessories,

additions, substitutions and all replacements thereto or thereof or hereafter attached to, placed upon, or used in connection with, such property wherever located and all proceeds of the foregoing, including any insurance proceeds relating thereto (collectively, the "Collateral"), which lien and security interest shall be first, primary, and subject to no other lien whatsoever.

The parties further agree that:

1. DEBTOR'S WARRANTIES, REPRESENTATIONS AND COVENANTS: Debtor hereby warrants and represents to the Secured Party (a) that the Collateral is lawfully owned by Debtor, free and clear of all other liens, encumbrances and security interests, and Debtor will warrant and defend title to the same against the claims and demand of all persons; (b) that Debtor has not granted, and will not grant, to anyone other than Secured Party any security interest in the Collateral and, except for financing statements in favor of the Secured Party, no Financing Statement or other instrument affecting the Collateral, or rights therein is on file in any public filing office; (c) that the Collateral is and shall be retained in Debtor's possession at the Debtor's address set forth above except for such of the Collateral as constitutes inventory that is in the possession of merchants for resale; (d) that the Collateral is and will be used only for business or commercial purposes; (e) that this Agreement and the Guarantee have been validly authorized, duly executed and delivered and constitute the valid and legally binding obligations of the Debtor, enforceable in accordance with their respective terms and are not

violative of, or create a default under, its Certificate of Incorporation or By-laws or under any order, writ, injunction or decree of any court of governmental instrumentality or any agreement to which Debtor is a party or by which its property is bound.

2. INSURANCE: Debtor agrees that from the date hereof it will, at its sole cost and expense, keep the Collateral insured against all risks of loss or damage with extended coverage for not less than the greater of the indebtedness or the Collateral's full replacement cost and that it will carry personal injury liability and property damage liability insurance in such amount and covering such risks as Secured Party may reasonably require. All said insurance shall be in form and with companies satisfactory to Secured Party.

3. USE OF COLLATERAL AND OTHER DEBTOR OBLIGATIONS: All risks of loss, theft or destruction of the Collateral shall be borne by the Debtor. Debtor agrees that it will not use the Collateral in violation of any statute or ordinance or applicable insurance policy and will promptly pay all taxes, assessments, license fees and other public or private charges levied or assessed against the Collateral and this obligation shall survive the termination of this Agreement; that Debtor will not permit any lien, charge, encumbrance or security interest of any kind whatsoever (other than the Secured Party's security interest) to issue upon or attach to the Collateral; that Debtor will not remove the collateral from its location as above set forth without the prior written consent of Secured Party; that except in the ordinary course of Debtor's business, Debtor will not secrete, sell, transfer, dispose of, attempt to dispose of, substantially modify or abandon the Collateral or any part thereof; that Debtor will sign and deliver to Secured Party such financing statements and Continuation Statements, in form acceptable to Secured Party, as Secured Party may, from time to time, reasonably request, or as are reasonably necessary in the opinion of Secured Party, to establish and maintain a valid security interest in the Collateral and Debtor will pay any related filing fees or cost with respect thereto and for prior lien searches; and that Debtor hereby constitutes and appoints Secured Party its true and lawful attorney-in-fact to execute and deliver any financing statement or other documents which may be required to establish and/or maintain Secured Party's security interest in the Collateral. Debtor shall, at its own cost and expense, protect and defend its title to the Collateral and defend all actions and claims which may be asserted against the Collateral and its use thereof. Debtor will allow Secured Party and its representatives free access to the Collateral at all reasonable times for purposes of inspection or repair.

4. DEFAULT: Debtor shall be in default (an "Event of Default") under the terms of this Agreement upon the occurrence of any of the following:

(a) if the Debtor shall fail to make any payment under the Guarantee or this Agreement when due or when demanded; (b) if the Debtor fails to maintain in force the required insurance or except as otherwise provided herein, removes, sells, transfers, encumbers, sublets or parts with possession of the Collateral or any part thereof (other than as contemplated by the Agreement and Plan of Reorganization, dated as of March 19, 1997 (the "Reorganization Agreement"), among GHA, Secured Party and GHA Holdings, Inc.) or attempts to do any of the foregoing; (c) if GHA shall fail to comply with the terms, covenants and conditions of the Reorganization Agreement, or a note in the original principal amount of $810,000 as of the date hereof, a security agreement as of the date

hereof or a pledge agreement as of the date hereof; (d) if the Debtor shall fail to perform or comply with any of the other terms, covenants, or conditions of this Agreement, the Reorganization Agreement; (e) if the Collateral or any part thereof shall be seized or levied upon under legal process; (f) if the Debtor defaults under or breaches any of the terms, covenants or conditions of any other security agreement, conditional sales contract, lease, instrument, note or agreement it may now have or hereafter make with Secured Party; (g) if Debtor ceases doing business as a going concern, other than as contemplated by the Reorganization Agreement, or makes or sends notice of an intended bulk sale (other than as contemplated by the Reorganization Agreement) or makes an assignment for the benefit of creditors; (h) if any proceedings are commenced by or against Debtor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute of any jurisdiction, whether now or hereafter in effect; (i) if a receiver, trustee or conservator be appointed for any of Debtor's property; or (j) if any guaranty, representation or statement made herein by Debtor or contained in any separate statement in writing in connection herewith or in connection with the Reorganization Agreement, including, without limitation, any financial statements furnished to Secured Party by or on behalf of Debtor, is untrue or incomplete in any material respect.

Upon the occurrence of any Event of Default, the indebtedness secured hereby and all other obligations then owing by the Debtor to Secured Party shall, if Secured Party so elects, become immediately due and payable and Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of New York and any other applicable laws, and it shall then be lawful for, and Secured Party is hereby authorized and empowered, with the aid and assistance of any person or persons, to enter any premises where the Collateral or any part thereof is, or may be, placed, and to assemble and/or remove same and/or to render it unusable and/or sell and dispose of such Collateral at one or more public or private sales upon at least five (5) days written notice to Debtor of such sale (which notice and method of sale Debtor hereby agrees is commercially reasonable), and Secured Party may be a buyer of the Collateral thereat. The proceeds of each such sale shall be applied by Secured Party toward the payment of expenses of retaking, including transportation, storage, refurbishing, preparing such sale, advertising, selling and all related charges and disbursements in connection therewith and the indebtedness and interest secured hereby. Should the proceeds of any such sale be insufficient to fully pay all the items above mentioned, Debtor hereby covenants and agrees to pay any deficiency to Secured Party. In the event that an Event of Default has occurred and is continuing, Secured Party may employ any of the remedies set forth herein regardless of whether Secured Party exercises its right to make a demand under the Guarantee. If Secured Party employs counsel for the purpose of effecting collection of any monies due hereunder (whether or not Secured Party has retaken the Collateral or any part thereof) or for the purpose of recovering the Collateral, or for the purpose of protecting Secured Party's interest because of the occurrence of any Event of Default of Debtor, Debtor agrees to pay reasonable attorneys' fees and such attorneys' fees shall be a lien on the Collateral herein and the proceeds thereof. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. All rights and remedies hereunder are cumulative and not

exclusive and a waiver by Secured Party of any breach by Debtor or the terms, covenants, and conditions hereof shall not constitute a waiver of future breaches or defaults or Events of Default and no failure or delay on the part of Secured Party in exercising any of its options, powers, rights or remedies or partial or single exercise thereof, shall constitute a waiver thereof.

5. WAIVER OF TRIAL BY JURY: Debtor hereby waives the right of a jury trial in any action or proceeding by either party, or assigns, arising out of the subject matter of this Agreement, the Collateral, or the Note or other obligations secured hereby.

6. NOTICES: All notices hereunder shall be contained in a written instrument transmitted (i) in person, (ii) by first class, registered or certified mail, return receipt requested, (iii) by telefacsimile or telex (confirmed by written notice in the manner specified in (ii) above), or (iv) by overnight delivery, each addressed to such party at the address set forth on the first page of this Agreement or such other address as may be designated by due notice.

7. MISCELLANEOUS: This Agreement supersedes all prior agreements, contains the entire understanding relating to its subject matter and is binding on the parties and their successors and assigns. No provision may be modified, terminated or waived except by an express writing signed by both parties. No waiver will constitute a waiver of any other or future breach. This Agreement was accepted in, is to be governed by and construed in accordance with the internal laws (excluding the laws concerning conflicts of laws) of, and any dispute adjudicated exclusively in, the State of New York, where both parties hereby consent to jurisdiction in any state or federal court located in such jurisdiction, and any action therein may be commenced by written notice thereof to the addresses set forth above. The provisions hereof are severable and this Agreement will be enforced to the maximum extent permitted by applicable law. This Agreement may be executed in counterparts and may be executed by facsimile, which will be deemed an original.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above written.

DEBTOR

ELLON, INC.

By:_____
Name:
Title:

MAINE NATURALS, INC.

By:_____
Name:
Title:

SECURED PARTY

NATURAL HEALTH TRENDS CORP.

By:_____
Name:
Title:

SCHEDULE A

DEBTOR: ELLON, INC.
MAINE NATURALS, INC.

SECURED PARTY: NATURAL HEALTH TRENDS CORP.

To secure payment and performance of all indebtedness and obligations owed to Secured Party, Debtor grants to Secured Party a continuing security interest in the following, whether now owned or existing or hereafter acquired or arising or in which Debtor now has or may hereafter acquires any rights:

A. All accounts, accounts receivable, contract rights, instruments, letters of credit, acceptances, guarantees, drafts or other forms of obligations and receivables of Debtor arising from the sale or lease of inventory, or the rendition of services by Debtor in the ordinary course of business or otherwise (all of the foregoing herein collectively called accounts), whether or not the accounts be listed on any schedules, assignments or reports furnished to Secured Party from time to time, and whether or not the accounts are now existing or are created at any time hereafter; together with all goods, inventory and merchandise returned by or reclaimed by or repossessed from customers on such accounts, wherever such goods, inventory and merchandise are located, and all proceeds thereof, including but not limited to, proceeds of insurance thereon; and all guaranties, securities, and liens which Debtor may hold for the payment of any accounts, including without limitation, all rights of stoppage in transit, replevin and reclamation and all other rights and remedies of any unpaid vendor or lienor, and all liens held by the Debtor as a mechanic contractor, subcontractor, materialman, machinist, manufacturer, artisan, or otherwise.

B. All inventory (other than consigned inventory) of Debtor wherever located, including without limitation, all goods manufactured or acquired for sale or lease, and any piece goods, raw materials, work in process and finished merchandise, findings or component materials, and all supplies, goods, incidentals, office supplies, packaging materials and any and all items used or consumed in the operation of the business of the Debtor or which contribute to the finished product or to the sale, promotion and shipment thereof, in which Debtor now or at anytime hereafter may have an interest, whether or not such inventory is listed in any reports furnished to Secured Party from time to time; all inventory whether or not the same is in transit or in the constructive, actual or exclusive occupancy of possession of Debtor or is held by Debtor or by others for Debtor's account including without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers; all inventory which may be located on premises of Debtor or of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or third parties; all insurance proceeds and products of any and all of the foregoing resulting from the sale, lease or other disposition of inventory, including cash, accounts, contract rights, other non-cash proceeds and trade-ins; and

with respect to after-acquired inventory, the security interest shall be a purchase money security interest.

C. All machinery, equipment, fixtures, furniture, furnishings, improvements, tools, fuel and goods of any kind, whether now owned or hereafter

acquired or in which Debtor may in the future acquire an interest.

D. All documents, instruments, documents of title, policies and certificates of insurance, guaranties, securities, chattel paper, deposits,proceeds of insurance, cash liens or other property owned by the Debtor or in which it had an interest which are now or may hereafter be in the possession of Debtor or as to which Debtor may hereafter control possession by documents of title or otherwise, including, but not limited to, all property allocable to unshipped orders.

E. All bank accounts,including, but not limited to, deposit accounts, now existing or hereafter arising, together with the right to withdraw from said bank accounts and make deposits to the same.

F. All general intangibles, now existing or hereafter owned or acquired, including, but not limited to, patents, patent applications, trademarks, trademark registrations and applications therefor, trade names, trade processes, copyrights, copyright registrations and applications therefor, licenses, franchises, tax refunds and corporate name and good will of Debtor's business.

G. All books, records, customer lists, supplier lists, ledgers, evidence or shipping, invoices, purchase orders, sale orders and all other evidences of Debtor's business records, including all cabinets, drawers and furniture that may hold the same, all whether now owned or in existence or hereafter arising or acquired.

H. All renewals, substitutions, replacements, additions, accessions, proceeds and products of any and all of the foregoing.

PLEDGE AGREEMENT

PLEDGE AGREEMENT, dated as of April 8, 1997 between GLOBAL HEALTH ALTERNATIVES, INC., a Delaware corporation (the "Pledgor") and NATURAL HEALTH TRENDS CORP., a Florida corporation (the "Pledgee").

W I T N E S S E T H :

WHEREAS, this Pledge Agreement is being executed and delivered to the Pledgee pursuant to the terms of the Security Agreement, dated as of the date hereof (the "Security Agreement"), by and between the Pledgor and the Pledgee;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and in the Security Agreement, and in further consideration of the making of the loan represented by the Secured Promissory Note, dated April 8, 1997, in the principal amount of $810,000 issued by Pledgor in favor of Pledgee (the "Note"), the parties hereto do hereby covenant and agree as follows:

SECTION I

For purposes of this Pledge Agreement, the following terms shall have the following meanings. All capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Security Agreement.

"Collateral" shall mean the Pledged Shares and, subject to Section V hereof, and to the extent permitted by applicable law, all rights with respect thereto, and all proceeds of such Pledged Shares and such rights.

"Default" shall mean an event which with the giving of notice or the passage of time, or both, would consitute an Event of Default.

"Event of Default" shall mean an event as so defined in the Security Agreement.

"Liabilities" shall mean all the obligations of the Pledgor to the Pledgee, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under the Security Agreement and the Note.

"Pledged Shares" shall mean all the shares of capital stock of Ellon, Inc., a Delaware corporation and Maine Naturals, Inc., a Delaware corporation owned of record and beneficially by the Pledgor, as identified with more particularity on Schedule A hereto.

SECTION II

To secure the payment of and performance of all the Liabilities, the Pledgor hereby pledges to the Pledgee, and grants to the Pledgee a security interest in and lien upon, the Collateral.

SECTION III

The Pledgor represents and warrants to, and covenants with, the Pledgee as follows:

(a) the execution, delivery and performance of this Pledge Agreement and the pledging of the Collateral hereunder do not and will not conflict with, result in a violation of, or constitute a default under any agreement binding upon the Pledgor or its property;

(b) the Pledged Shares are and will continue to be owned by the Pledgor free and clear of any lien, security interest, charge, pledge, claim, right or other encumbrance (each a "Lien") of any other Person except the Lien hereunder and the rights of the Pledgee under and pursuant to the Agreement and Plan of Reorganization, dated as of the date hereof, among the Pledgee, the Pledgor and GHA Holdings, Inc. (the "Reorganization Agreement"), and the security interest of the Pledgee in the Pledged Shares and the proceeds thereof is and will continue to be prior to and senior to the rights of all others;

(c) this Pledge Agreement is the legal, valid, binding and enforceable obligation of the Pledgor, enforceable in accordance with its terms;

(d) the Pledgor shall, from time to time, upon request of the Pledgee, promptly deliver to the Pledgee such stock powers, proxies, and similar documents, satisfactory in form and substance to the Pledgee, and take such other actions, with respect to the Collateral as the Pledgee may reasonably request; and

(e) subject to Sections IV and VI, and except as contemplated by the Reorganization Agreement, the Pledgor shall not, so long as any Liabilities are outstanding, sell, assign, exchange, pledge or otherwise transfer or encumber any of its rights in and to any of the Collateral.

SECTION IV

The Pledged Shares shall be released from this Pledge Agreement only upon indefeasible payment in full of all Liabilities. The Pledgee may from time to time, after any Default or Event of Default, and without prior notice to the Pledgor, transfer all or any part of the Collateral not theretofore registered in the name of the Pledgee, into the name of the Pledgee or its nominee, with or without disclosing that such Collateral is subject to any rights of the Pledgor and may from time to time, whether before or after any of the Liabilities shall become due and payable, without notice to the Pledgor, take all or any of the following actions: (a) notify the parties obligated on any of the Collateral to make payment to the Pledgee of any amounts due or to become due thereunder, (b) release or exchange all or any part of the

Collateral or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, and (c) take control of any proceeds of the Collateral.

SECTION V

Concurrently with the execution and delivery of this Agreement, the Pledgor shall deliver to the Pledgee certificates for the Pledged Shares, each such certificate duly signed in blank by the Pledgor or accompanied by a stock transfer power duly signed in blank by the Pledgor and each such certificate accompanied by all required documentary or stock transfer tax stamps. So long as no Default or Event of Default shall have occurred and be continuing, (i) the Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Pledge Agreement, including but not limited to Section III(e) hereof, and (ii) the Pledgor shall be entitled to receive any and all cash dividends or other distributions paid in respect of the Collateral. The Pledgee shall be entitled, but shall not be required, to deliver such certificates together with any such stock transfer power to the respective issuers and receive new certificates registered in the name of the Pledgee or its nominee, or its successor and assigns, at any time while the Note is outstanding.

SECTION VI

If an Event of Default shall be existing, in addition to the rights it may have under the Security Agreement, the Note, and this Agreement, or by virtue of any other instrument, (a) the Pledgee may exercise, with respect to the Collateral, from time to time any rights and remedies available to it under the Uniform Commercial Code as in effect from time to time in the State of New York or the states of incorporation of the issuers, or otherwise available to it and (b) the Pledgee shall have the right, for and in the name, place and stead of the Pledgor, to execute endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral. Written notification by the Pledgee to the Pledgor of intended disposition of any of the Collateral three (3) business days prior to such disposition shall be deemed commercially reasonable notice thereof. Any proceeds of any disposition of Collateral may be applied by the Pledgee to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by the Pledgee toward the payment of such of the Liabilities as are in default, and in such order of application, as the Pledgee may from time to time elect. No action of the Pledgee permitted hereunder shall impair or affect its rights in and to the Collateral. All rights and remedies of the Pledgee expressed hereunder are in addition to all other rights and remedies possessed by it, including, without limitation, those contained in the documents referred to in the definition of Liabilities in Section I hereof.

In any sale of any of the Collateral after an Event of Default shall have occurred, the Pledgee is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including, without limitation, compliance with such procedures as may restrict

the number of prospective bidders and purchasers or further restrict such prospective bidders or purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain such required approval of the sale or of the purchase by any governmental regulatory authority or official, and the Pledgor further agrees that such compliance shall not result in such sale's being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Pledgee be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such

Collateral is sold in compliance with any such limitation or restriction.

SECTION VII

Upon the indefeasible payment in full of all Liabilities, this Pledge Agreement shall terminate and the Pledgee shall forthwith assign, transfer and deliver to the Pledgor, against receipt and without recourse to the Pledgee, all Collateral then held by the Pledgee pursuant to this Pledge Agreement.

SECTION VIII

No failure or delay on the part of the Pledgee in exercising any right or remedy hereunder or under any other document which confers or grants any rights in the Pledgee in respect of the Liabilities shall operate as a waiver thereof nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy of the Pledgee.

SECTION IX

This Pledge Agreement shall be binding upon and inure to the benefit of the Pledgor, the Pledgee and their respective successors and assigns, except that the Pledgor may not assign or transfer its rights hereunder without the prior written consent of the Pledgee (which consent shall not unreasonably be withheld). Each duty or obligation of the Pledgor to the Pled- gee pursuant to the provisions of this Pledge Agreement shall be performed in favor of any person or entity designated by the Pledgee, and any duty or obligation of the Pledgee to the Pledgor may be performed by any other person or entity designated by the Pledgee.

SECTION X

This Agreement supersedes all prior agreements, contains the entire understanding relating to its subject matter and is binding on the parties and their successors and assigns. No provision may be modified, terminated or waived except by an express writing signed by both parties. No waiver will constitute a waiver of any other or future breach. This Agreement was accepted in, is to be governed by and construed in accordance with the internal laws (excluding the laws concerning conflicts of laws) of, and any dispute adjudicated exclusively in, the State of New York, where both parties hereby consent to jurisdiction in any state or federal court located in such jurisdiction, and any action therein may be commenced by written notice thereof to the addresses set forth above. The provisions hereof are severable and this Agreement will

be enforced to the maximum extent permitted by applicable law. This Agreement may be executed in counterparts and may be executed by facsimile, which will be deemed an original.

SECTION XI

All notices, requests, instructions or documents hereunder shall be in writing and delivered personally or by facsimile transmission (confirmed by mail as follows) or sent by United States mail, registered or certified, return receipt requested, with proper postage prepaid, as follows:

(1) if to the Pledgee:

Neal R. Heller, Esq.
Natural Health Trends Corp.
2001 West Sample Road
Pompano Beach, Florida 33064

with a copy to:

Martin C. Licht, Esq.

Lane & Mittendorf LLP
320 Park Avenue
New York, New York 10022

(2) If to the Pledgor:

Sir Brian Wolfson
Global Health Alternatives, Inc.
44 Welbeck Street
London W1M 7HF England

with a copy to:

Robert C. Bruce
Global Health Alternatives, Inc.
193 Middle Street
Portland, Maine 04101

and:

Claude A. Baum, Esq.
Dechert Price & Rhoads
30 Rockefeller Plaza
New York, New York 10112

or at such other address as either of the parties may designate by written notice to the other party. If delivered personally or by facsimile transmission, the date on which a notice, request, instruction or document is delivered shall be the date on which such delivery in person or by facsimile transmission is made, and, if delivered by mail, the date on which such notice, request, instruction or document is deposited in the mail shall be the date of delivery. Each notice, request, instruction or document shall bear the date on which it is delivered.

SECTION XII

Wherever possible each provision of this Pledge Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision hereof shall be prohibited by or invalid under such law, such provisions shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions hereof.

IN WITNESS WHEREOF, this Pledge Agreement has been duly executed by the parties hereto as of the day and year first above written.

PLEDGOR:

GLOBAL HEALTH ALTERNATIVES, INC.

By:_____
Name:
Title:

PLEDGEE:

NATURAL HEALTH TRENDS CORP.

By:_____
Name:
Title

GUARANTEE

To induce NATURAL HEALTH TRENDS CORP. (the "Lender"), to enter into various agreements with, and in consideration of the extension of credit by the Lender to GLOBAL HEALTH ALTERNATIVES, INC. (the "Borrower"), as evidenced by the note in the original principal amount of $810,000 (the "Note"), each of the undersigned (collectively, the "Guarantor"), unconditionally and irrevocably, jointly and severally, guarantees to the Lender, and any successors and assigns thereof, the full and prompt payment when due, by acceleration or otherwise, of the payment and the performance of all obligations, absolute or contingent, now or hereafter existing, arising in any manner as a result of the Note between the Borrower and the Lender (collectively, the "Obligations").

Each of the undersigned are wholly-owned subsidiaries of the Borrower and each of the undersigned shall derive a substantial benefit as a result of the extension of credit by the Lender to the Borrower.

The obligation of the Guarantor hereunder is direct, unconditional and primary and may be enforced by the Lender without regard to the validity or enforceability of the Obligations.

The Guarantor hereby waives diligence, presentment, protest, notice of acceptance hereof and of all other notices and demands of any kind to which the Guarantor may be entitled. The Guarantor further waives notice of and hereby consents to any agreements or arrangements whatever made or which may be made by the Lender with the Borrower, including, without limitation, agreements and arrangements or payments, extensions, subordinations, composition, arrangement, discharge or release of the whole or any part of the Obligations, or for the change or surrender of any and all security, and the same shall in no way impair the Guarantor's liability hereunder. Presentment, demand, protest and notice of protest of any negotiable instruments are also hereby waived.

No act, failure to act, or omission of any kind on the part of the Guarantor, the Lender or any other person, corporation or entity shall be deemed to be a legal or equitable discharge or release of the obligation of the Guarantor hereunder. This instrument is a continuing Guarantee and nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full payment of the Obligations followed by the Lender's express release hereof. This instrument shall not be affected by the death or incapacity of the Guarantor.

The Guarantor further agrees that this instrument shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of the principal of or interest on any of the Obligations guaranteed hereby is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower, or otherwise, all as though such payment had not been made.

If any legal action or actions are instituted by the Lender to enforce any of its rights hereunder, the Guarantor covenants to pay the Lender for all expenses incurred relative to such legal action or actions, including, but not limited to, court costs and attorneys' fees and expenses and will be deemed to have automatically assigned to the Lender all claims and demands which the Guarantors may then or thereafter have against the Borrower. The Lender is authorized and empowered to proceed against any Guarantor on the Guarantor's liability hereunder without joining the Borrower or any other guarantor. Each of the undersigned's liability hereunder shall be joint and several. This is a guarantee of payment and not of collection and there shall be no duty or obligation upon the Lender to proceed against the Borrower or to exhaust any remedy against the Borrower, any collateral furnished, or any other guarantee or security relating to the Obligations before bringing suit or instituting proceedings of any kind against any Guarantor.

The Guarantors warrant that this Guarantee has been fully authorized and is fully enforceable in accordance with its terms. The failure or

forbearance of the Lender to exercise any right hereunder, or otherwise granted by law or other agreement, shall not affect or release the liability of the Guarantor, and shall not constitute a waiver of such right unless so stated in writing.

This Guarantee cannot be changed or terminated orally, shall be interpreted according to the internal laws of the State of New York, shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Guarantor and shall inure to the benefit of the Lender, their heirs, executors, administrators, successors and assigns. This Guarantee was accepted in, and any dispute adjudicated exclusively in, the State of New York, where the Guarantor consents to service of process and jurisdiction. This document may be executed in counterparts and by facsimile, all of which shall be deemed originals for all purposes.

IN WITNESS WHEREOF, the undersigned has executed this Guarantee as of the 8th day of April, 1997.

ELLON, INC.

By: _____
Name:
Title:

MAINE NATURALS, INC.

By: _____
Name:
Title:

NATURAL HEALTH TRENDS CORP.

LIST OF SUBSIDIARIES

<TABLE>
<CAPTION>

<S>	<C>	<C>
Name of Subsidiary	Jurisdiction of Incorporation	Percentage of Stock owned by Natural Health Trends Corp.
F.I.M.T.E. Supply, Inc.	Florida	100%
Health Wellness Nationwide Corp.	Florida	100%
The Corporate Body, Inc.	Florida	100%
Medical Service Consultants, Inc.	Florida	100%
Diagnostic Sciences Inc.	Florida	100%
Managenet, Inc.	Florida	100%
KBM Consultants	Florida	100%
GHA Holdings, Inc.	Delaware	100%

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39421.1

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