

PROMISSORY NOTE AND SETTLEMENT AGREEMENT

This Promissory Note and Settlement Agreement ("Agreement") is entered into by ABC COMPANY, INC. ("ABC COMPANY"), HOLISTIC PARTNERS, L.P. ("HOLISTIC"), WILL SANDERS ("Sanders"), PHILIP C. RETERSON ("Reterson") and MICHAEL JOEL WEDERMAN ("Wederman"). ABC COMPANY, HOLISTIC, Sanders, Reterson and Wederman will hereinafter collectively be referred to as "the parties".

ABC COMPANY claims it is owed by HOLISTIC, its partners, principals, members and its affiliates the principal sum of \$247,715.83 for printing services and goods plus 18% interest per annum from the date of each invoice plus attorney fees pursuant to the ABC COMPANY credit application signed by Sanders on 8/27/98. HOLISTIC claims it is entitled to numerous and substantial offsets.

For valuable consideration, HOLISTIC promises to pay ABC COMPANY the sum of \$125,000.00 as follows:

1. \$25,000.00 on 3/16/99;
2. \$25,000.00 on 4/2/99;
3. \$25,000.00 on 5/2/99;
4. \$25,000.00 on 6/2/99; and
5. \$25,000.00 on 7/2/99.

If any of the above-mentioned payments are paid late or missed, the unpaid balance is immediately accelerated and due. Each payment shall be in the form of a check made payable to ABC COMPANY and sent to ABC COMPANY at 177 Vallecitos De Oro, San Marcos, CA 92069. Upon the timely reception of the first \$25,000.00 check, ABC COMPANY will release all product manufactured for HOLISTIC it is presently holding. Upon the timely completion of all five \$25,000.00 payments in the total sum of \$125,000.00, each of the parties release each other and their agents and affiliates from any and all claims they have against each other arising from the aforementioned sale of goods and merchandise from ABC COMPANY to HOLISTIC. If any of the five above-referenced payments are not received timely by ABC COMPANY, the parties expressly reserve and retain whatever rights and claims they have against each other.

If suit is commenced or an attorney hired to enforce payment under this Agreement, the undersigned agree to pay all collection costs, including reasonable attorney fees, and agree that the site of venue for litigation is state court in San Diego, California.

The contents of this Agreement are to be kept confidential and not to be discussed by the parties or their counsel with non-signatories unless otherwise ordered by a Court with jurisdiction or a subpoena by a governmental or quasi-governmental entity.

This Agreement may be executed in counterparts, each of which will be deemed an original. Facsimile signatures will have the same force and effect as original signatures.

Dated: _____

ABC COMPANY, Inc., a California corporation

By: _____
Peter Smith, President

Dated: _____

Holistic Partners, L.P., a Delaware Limited Partnership

By: Holistic Administrator, LLC, its general partner

By: _____
Manager

Dated: _____

Will Sanders, an individual

Dated: _____

Philip C. Reterson, an individual

Dated: _____

Michael Joel Wederman, an individual

PERSONAL GUARANTY OF PAYMENTS TO BE MADE PURSUANT TO THE PROMISSORY NOTE AND SETTLEMENT AGREEMENT

For valuable consideration and as an inducement to ABC COMPANY to accept \$125,000.00 from HOLISTIC in five \$25,000.00 monthly payments rather than full payment of the \$247,715.83 unpaid balance on the ABC COMPANY account with HOLISTIC, Sanders personally guarantees payment of \$41,666.67 of the \$125,000.00 to be paid by HOLISTIC. Additionally, Wederman personally guarantees payment of the remaining \$83,333.33 of the \$125,000.00 to be paid by HOLISTIC. These two personal guaranties will be reduced pro rata as HOLISTIC makes each of the \$25,000.00 monthly payments.

Guarantors waive any and all guaranty defenses, including but not limited to exoneration, all subrogation rights until ABC COMPANY is paid in full, any changes or assignments in the obligation and/or security by ABC COMPANY, the benefit of any applicable statute of limitations, all notices of sale, notice of default, presentment for payment, notice of non-payment, protest and notice of acceptance of this guaranty. Extensions, renewals, indulgences, delays, transfers, settlements and compromises may be made in the ABC COMPANY' sole discretion, with or without notice to the guarantors, and will not relieve the guarantors of any liability.

All terms and conditions in the Promissory Note and Settlement Agreement are incorporated into this Guaranty. This Guaranty may be executed in counterparts, each of which will be deemed an original. Facsimile signatures will have the same force and effect as original signatures.

Dated: _____

Dated: _____

I have read, understand and acknowledge the above personal guaranty.

I have read, understand and acknowledge the above personal guaranty.

Will Sanders, an individual

Michael Joel Wederman, an individual