

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(D) (1) OR 13(E) (1)  
OF THE SECURITIES ACT OF 1934

YP.NET, INC.  
(Name of Issuer)

YP.NET, INC.  
(Name of Person(s) Filing Statement)

COMMON STOCK, PAR VALUE \$.001 PER SHARE  
(Title of Class of Securities)

987824109  
(CUSIP Number of Class of Securities)

Angelo Tullo,  
President,  
YP.NET, INC.  
4840 East Jasmine Street  
Suite 105  
Mesa, Arizona 85205  
(480) 654-9646

(Name, Address and Telephone Number of Person Authorized to Receive Notices and  
Communications on Behalf of the Person(s) Filing Statement)

With copies to:  
Gregory Sichenzia  
Sichenzia Ross Friedman Ference LLP  
1065 Avenue of the Americas, 21st Floor  
New York, NY 10018  
January 17, 2002

(Date Tender Offer First Published, Sent or Given to Security Holders)

CALCULATION OF FILING FEE

Transaction Valuation	Amount of Filing Fee
\$2,922,936 based upon price of Common Stock on January 17, 2002	\$585

\_\_\_ Checkbox if any part of the fee is offset as provided by Rule 0-11 (a) (2)  
and identify the filing with which the offsetting fee was previously paid.  
Identify the previous filing by registration statement number, or the form or  
schedule and the date of the filing.

AMOUNT PREVIOUSLY PAID:

FILING PARTY:

FORM OR REGISTRATION NO.:

DATE FILED:

\_\_\_ Check the box if the filing relates solely to preliminary communications  
made before the commencement of a tender offer

Check the appropriate boxes below to designate any transactions to which the  
statement relates:

\_\_\_ third-party tender offer subject to Rule 14D-1.

X issuer tender offer subject to Rule 13e-4.

\_\_\_ going-private transaction subject to Rule 13e-3.

\_\_\_ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: \_\_\_

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ITEM 1. SUMMARY TERM SHEET.

This statement relates to our offer to exchange 20,158,180 shares of the Company's outstanding common stock, par value \$.001 per share (the "Common Stock") for an aggregate combination of 20,158,180 shares of our series C preferred stock and/or series D preferred stock. The election period for the holders of the Common Stock expires on March 15, 2001, which the Company has the sole discretion to extend for an additional 30 days.

The Common Stock that is the subject of this tender offer constitutes all of the Common Stock that is issued and outstanding, except for the Common Stock held by certain majority shareholders, officers and directors, who in aggregate hold 23,655,500 shares of Common Stock. Such persons have signed agreements with the Company whereby they are precluded from selling any of their holdings for a period of two years after the date of this offering, and are limited to selling 25% of their holdings per year during the subsequent four years. As a result of the agreements of these shareholders, the Company will save approximately \$350,000 to \$600,000 a year in dividends, which would otherwise be paid had such shareholders exchanged their Common Stock for preferred stock. The exchange will be computed as follows: each holder will be issued one share of either series C preferred stock or series D preferred stock, in an aggregate combination to be determined by each such holder, for each share of Common Stock tendered, or an aggregate of 20,158,180 shares of series C and/or D preferred

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stock if all of the remaining holders of the Common Stock tender all of their shares. This tender is not conditioned upon the tender of any minimum amount, all shares tendered will be accepted by the Company and the Company will not withdraw its offer. Shares of Common Stock tendered during the election period will be held in escrow until the expiration of the offering, or any extension thereof. Any shareholders not tendering their Common Stock will continue to have the rights set forth in our certificate of incorporation.

ITEM 2. SUBJECT COMPANY INFORMATION

(a) The name of the issuer is YP.NET, INC. The address of its principal executive offices is 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205.

(b) There are currently 43,813,680 shares of Common Stock, par value \$.001 per share outstanding. In addition, there are currently: 1) 2,500,000 shares of Series B Preferred Stock authorized, with none outstanding; 2) 45,000,000 shares of Series C Preferred Stock authorized, with none outstanding; 3) 45,000,000 shares of Series D Preferred Stock authorized, with none outstanding; and 4) 50,000,000 shares of blank check Preferred Stock. Accordingly, if all of the holders eligible to participate in this offering elect to participate in this offering, the Company will issue an aggregate of 20,158,180 shares of Series C and/or D Preferred Stock and 23,655,500 shares of Common Stock will be outstanding.

(c) The Common Stock has not been traded on a national exchange or automated trading system, it has been traded on the "Pink Sheets." However, the Company anticipates being listed on the OTC Bulletin Board in the near future. The high and low bids for the last two years are as follows:

<TABLE>

<CAPTION>

	High Bid	Low Bid
<S>	<C>	<C>
2000		
First Quarter (January 1, 2000 to March 31, 2000)	\$ 0.52	\$ 0.25
Second Quarter (April 1, 2000 to June 30, 2000)	\$ 0.35	\$ 0.30
Third Quarter (July 1, 2000 to September 30, 2000 )	\$ 0.50	\$ 0.32
Fourth Quarter (October 1, 2000 to December 31, 2000)	\$ 0.43	\$ 0.18

2001

First Quarter (January 1, 2001 to March 31, 2001)	\$	0.30	\$	0.17
Second Quarter (April 1, 2001 to June 30, 2001)	\$	0.25	\$	0.15
Third Quarter (July 1, 2001 to September 30, 2001)	\$	0.026	\$	0.059
Fourth Quarter (October 1, 2001 to December 31, 2001)	\$	0.319	\$	0.069

</TABLE>

(d) Not applicable

(e) Not applicable

(f) Not applicable

#### ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON

YP.NET, INC., 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205.  
The business number is (480) 654-9646.

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#### ITEM 4. TERMS OF THE TRANSACTION

The purpose of this tender offer is to retire all of the Common Stock outstanding, except for the Common Stock held by certain majority shareholders, officers and directors that have agreed not to exchange pursuant to the lock-up agreements described in Item 1 above. The Company believes these lock up agreements are beneficial to the Company and its shareholders because it will save the Company approximately \$350,000 to \$600,000 a year in dividends by precluding those shareholders from participating in this exchange offer and, thus, precluding them from being entitled to receive dividends from the Series C Convertible Preferred Stock and the Series D Preferred Stock.

The Company is offering the remaining holders of its Common Stock, the option to exchange one or more shares their Common Stock for an equal amount of shares of Series C Convertible Preferred Stock or Series D Convertible Preferred Stock, or any combination thereof.

Series C Convertible Preferred Stock. The holders of the Common Stock that

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elect to exchange their shares for Series C Convertible Preferred Stock shall receive dividends at the rate of 5% per annum based upon a liquidation preference of \$.30 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock. The holders of Series C Convertible Preferred Stock shall be entitled, after two years from the initial issuance of the Series C Convertible Preferred Stock, and from time to time thereafter until five years from the initial issuance, at which time such entitlement shall expire, to convert all or portions of their Series C Convertible Preferred Stock holdings, on a one for one basis into shares of the Common Stock, together with the payment by the holder of \$1.00 per converted share.

Series D Preferred Stock. The holders of Common Stock that elect to

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exchange their shares for Series D Preferred Stock shall receive dividends at the rate of 7% per annum based upon a liquidation preference of \$.50 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock. The Series D Preferred Stock is not convertible into Common Stock.

Holders that choose a combination of the Series C Convertible Preferred Stock and the Series D Preferred Stock, shall receive the rights described above proportionate to their holdings of each series of preferred stock.

Upon the sale of substantially all of the stock or assets of the Corporation in a non-public transaction or dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series C Convertible Preferred Stock and Series D Preferred Stock shall be entitled to receive out of the assets of the Corporation, before any distribution or payment is made upon the Common Stock or any other series of Preferred Stock, an amount in cash equal to \$.30 per share and \$.50 per share, respectively, plus any accrued but unpaid dividends. The holders of the Series C Convertible Preferred Stock and Series D Preferred Stock shall have no voting

rights, except as required by law.

The election period for this offering expires on March 15, 2002 (the "Expiration Date"), which date may be extended up to an additional 30 days by the Company at its sole discretion and in compliance with applicable securities

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laws. Each Common Stock holder that elects to participate in this exchange offer must tender the certificates for their Common Stock, which will be held in escrow until the Expiration Date, or any extension thereof. This tender is not conditioned upon the tender of any minimum amount, all shares tendered will be accepted by the Company and the Company will not withdraw its offer.

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

The Company and certain majority shareholders, officers and directors, who in aggregate hold 23,655,500 shares of Common Stock, have signed agreements whereby such shareholders are precluded from selling any of their holdings for a period of two years after the date of this offering. After two years, these shareholders are limited to selling 25% percent of their holdings per year for the next four years. These lock-up agreements, entitled Limited Standstill Agreement, are annexed hereto as Exhibits 5.1 through 5.11.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

The purpose of this tender offer is to retire all of the outstanding Common Stock, except for Common Stock held by certain majority shareholders, officers and directors, as described above in Item 1 and 4. Except as described herein, there are no present plans or proposals that relate to or would result in:

(a) The acquisition by any person, other than the Company, of additional securities of the Company, or the disposition of such securities by any such person;

(b) Any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;

(c) Any sale or transfer of a material amount of the assets of the Company or of any of its subsidiaries;

(d) Any change in the present Board of Directors or management of the Company;

(e) Any material change in the present dividend rate or policy, or indebtedness or capitalization of the Company;

(f) Any material change in the Company's corporate structure or business;

(g) Any changes in the Company's charter, by-laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person;

(h) The delisting of any class of security of the Company from any national securities exchange, or the cessation of quotations of any such class of securities in any inter-dealer quotation system.

(i) Any class of equity security of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); or

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(j) The suspension of the Company's obligation to file reports pursuant to Section 15(d) of the Exchange Act.

ITEM 7. SOURCES AND AMOUNT OF FUNDS OR OTHER CONSIDERATIONS

The Company shall issue shares of Series C and/or Series D Preferred Stock in consideration for holders of its Common Stock tendering such Common Stock. In the event all of the eligible outstanding Common Stock, 20,158,180 shares, is tendered, an aggregate of 20,158,180 shares of the Series C and/or Series D Preferred Stock, in a combination to be determined by the holders of the Common

Stock, shall be required to acquire the maximum amount of Common Stock.

ITEM 8. INTERESTS IN SECURITIES OF THE SUBJECT COMPANY

Not applicable.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

No person or classes of persons have been employed, retained or are to be compensated by the Company to make solicitations or recommendations in connection with this offer, except for Edgar Seitz who has made an oral agreement with the Company to solicit exchanges in Germany for a fee of one cent per share exchanged by shareholders residing in Germany through his solicitation and under this tender offer. In addition, the Company shall issue to Edgar Seitz an option to purchase up to 400,000 shares of the Company's common stock at an exercise price of \$2.00 per share and exercisable for a period of two years.

ITEM 10. FINANCIAL STATEMENTS

Incorporated by reference are the financial statements that are included in the Company's Annual Report on form 10-KSB for the fiscal year ended September 30, 2001, and all amendments thereto, and the Quarterly Reports on Form 10-QSB for the periods ending December 31, 2000, March 31, 2001 and June 30, 2001.

ITEM 11. ADDITIONAL INFORMATION

(a) (1) There are no present or proposed contracts, arrangements, understandings or relationships between the Company and its executive officers, directors or affiliates relating, directly or indirectly, to this tender offer, except for the Limited Standstill Agreements between the Company and certain majority shareholders, officers and directors, which are annexed hereto as Exhibits 5.1 - 5.11.

(2) There are no applicable regulatory requirements or approvals needed for this offer.

(3) There are no applicable anti-trust laws.

(4) The margin requirements of Section 7 are inapplicable.

(5) None.

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ITEM 12. EXHIBITS.

(a) The form of the transmittal letter dated January 22, 2002, the Limited Standstill Agreements between the Company and certain majority shareholders, officers and directors are annexed hereto as exhibits.

(b) None.

(c) None.

(d) None.

(e) None.

(f) None.

=====  
SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 22, 2002

YP.NET, INC.

By: /s/ Angelo Tullo

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Angelo Tullo



LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Angelo Tullo (the "Holder"), a stockholder of YP.Net,  
\_\_\_\_\_  
Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Angelo Tullo

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Angelo Tullo



LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Gregory B. Crane (the "Holder"), a stockholder of  
\_\_\_\_\_  
YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Gregory B. Crane

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Gregory B. Crane

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Pamela J. Thompson (the "Holder"), a stockholder of  
\_\_\_\_\_  
YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Pamela J. Thompson

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Pamela J. Thompson

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by The Thompson Group, P.C. (the "Holder"), a stockholder  
of YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with

respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Pamela J. Thompson

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The Thompson Group, P.C.  
By: Pamela J. Thompson, President

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Advanced Internet Marketing (the "Holder"), a  
\_\_\_\_\_ stockholder of YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ DeVal Johnson, Trust Manager

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Advanced Internet Marketing  
By: DeVal Johnson, Trust Manager



LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by DeVal Johnson (the "Holder"), a stockholder of YP.Net,  
\_\_\_\_\_  
Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ DeVal Johnson

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DeVal Johnson

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Children's Management Trust (the "Holder"), a  
\_\_\_\_\_ stockholder of YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Dan Coury

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Children's Management Trust  
By: Daniel L. Coury, Trustee

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Daniel L. Coury (the "Holder"), a stockholder of  
\_\_\_\_\_  
YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Dan Coury

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Daniel L. Coury

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_  
January, 2002, by Mathew and Markson, LTD (the "Holder"), a stockholder  
of YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_  
a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_  
transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_  
the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS.  
\_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Nevada, except to the extent \_\_\_\_\_  
that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Ilse F. Cooper

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Ilse F. Cooper, Antigua Management Trust  
Corporate Director for Mathew & Markson, LTD  
MATHEW AND MARKSON, LTD



LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_ January, 2002, by Gladstone Enterprises, a DC Trust (the "Holder"), a \_\_\_\_\_ stockholder of YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_ a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_ transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_ the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS. \_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

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as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of \_\_\_\_\_Nevada\_\_\_\_\_, except to the extent \_\_\_\_\_ that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Douglas J. Darpa

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Gladstone Enterprises  
By: Douglas Carpa, Trustee

LIMITED STANDSTILL AGREEMENT

This AGREEMENT (the "Agreement") is made as of the 15th day of \_\_\_\_\_ January, 2002, by Morris & Miller, LTD (the "Holder"), a stockholder of \_\_\_\_\_ YP.Net, Inc. (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. BACKGROUND. Holder acknowledges that the Company plans to engage in \_\_\_\_\_ a tender offer (the "Tender Offer") whereby it will offer certain preferred stock of the Company in exchange for the common stock held by its shareholders. Holder understands that, as a condition to proceeding with the Tender Offer the Company is requesting that the major shareholders to refrain from selling any of their current holdings of the Company's common stock for a period of time following the date of the closing of Tender Offer.

2. SHARE RESTRICTION. Holder hereby agrees that Holder will not sell, \_\_\_\_\_ transfer, or otherwise dispose of:

(a) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, from the date of this Agreement to and including a date twenty-four months after the contemplated Tender Offer; and

(b) any capital stock of the Company, any rights to acquire capital stock of the Company or any capital stock which Holder has a right to acquire, in excess of 25% of such holdings or rights during each consecutive twelve month period beginning the first day of the twenty-fifth month after the contemplated Tender Offer and ending on the last day of the seventy-second month after the contemplated Tender Offer

other than (i) in connection with an offer made to all stockholders of the Company or any merger, consolidation or similar transaction involving the Company, or (ii) with the prior written consent of the Company. Holder further agrees that the Company is authorized to place "stop orders" on its books to prevent any transfer of shares of capital stock or other securities by Holder in violation of this Agreement.

3. RELIANCE BY THE COMPANY AND OTHER HOLDERS. Holder acknowledges that \_\_\_\_\_ the Company is relying upon the agreements of Holder contained herein, and that the failure of Holder to perform the agreements contained herein could have a detrimental effect upon the contemplated Tender Offer. Accordingly, Holder understands and agrees that Holder's agreements herein are irrevocable.

4. MISCELLANEOUS. \_\_\_\_\_

a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action

28 as may be reasonably requested by the Company to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of \_\_\_\_\_Nevada\_\_\_\_\_, except to the extent \_\_\_\_\_ that the securities laws of the state in which Holder resides and federal securities laws may apply.

c. This Agreement contains the entire agreement of the Holder with respect to the subject matter hereof.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

/s/ Ilse F. Cooper

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Ilse F. Cooper, Antigua Management & Trust  
Corporate Director for Morris & Miller, LTD  
MORRIS & MILLER, LTD

NOTICE  
TO HOLDERS OF YP.NET, INC. COMMON STOCK

January 22, 2002

To our shareholders:

This letter, and the enclosed Schedule TO, is being sent to you in connection with an offer by YP.Net, Inc. (the "Company") to exchange shares of your common stock for shares of preferred stock, as more fully described below and in the Schedule TO. We understand that this material contains complex issues and we strongly urge you to contact us at 1-800-748-6183 if you have any questions or concerns whatsoever.

In compliance with Rule 13E-4 of the Securities Exchange Act of 1934, as amended, the board of directors of the Company, is offering to the holders of its common stock, par value \$.001 (the "Common Stock") the option to exchange one or more shares their Common Stock for an equal amount of shares of Series C Convertible Preferred Stock or Series D Convertible Preferred Stock, or any combination thereof.

Series C Convertible Preferred Stock. The holders of the Common Stock that  
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elect to exchange their shares for Series C Convertible Preferred Stock shall receive dividends at the rate of 5% per annum based upon a liquidation preference of \$.30 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock. The holders of Series C Convertible Preferred Stock shall be entitled, after two years from the initial issuance of the Series C Convertible Preferred Stock, and from time to time thereafter until five years from the initial issuance, at which time such entitlement shall expire, to convert all or portions of their Series C Convertible Preferred Stock holdings, on a one for one basis into shares of the Common Stock, together with the payment by the holder of \$1.00 per converted share.

Series D Preferred Stock. The holders of Common Stock that elect to  
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exchange their shares for Series D Preferred Stock shall receive dividends at the rate of 7% per annum based upon a liquidation preference of \$.50 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock.

Holders that choose a combination of the Series C Convertible Preferred Stock and the Series D Preferred Stock, shall receive the rights described above proportionate to their holdings of each series of preferred stock.

Upon the sale of substantially all of the stock or assets of the Corporation in a non-public transaction or dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series C Convertible Preferred Stock and Series D Preferred Stock shall be entitled to receive out of the assets of the Corporation, before any distribution or payment is made upon the Common Stock or any other series of

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Preferred Stock, an amount in cash equal to \$.30 per share and \$.50 per share, respectively, plus any accrued but unpaid dividends. The holders of the Series C Convertible Preferred Stock and Series D Preferred Stock shall have no voting rights, except as required by law.

The election period for this offering expires on March 15, 2002 (the "Expiration Date"), which date may be extended up to an additional 30 days by the Company at its sole discretion and in compliance with applicable securities laws. The class of Common Stock that is the subject of this tender offer constitutes all of the Company's Common Stock, par value \$.001 that are issued and outstanding.

Each Common Stock holder must tender the certificates for their Common Stock, which will be held in escrow until the Expiration Date, or any extension thereof.

The following provides a detailed illustration on the effects of this tender offer:

WHAT YOU CURRENTLY HAVE.

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Each share of Common Stock entitles its holder to one vote on each matter submitted to the stockholders.

WHAT YOU WILL HAVE IF YOU PARTICIPATE IN THIS TENDER OFFER.

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By accepting this offer and exchanging shares of Common Stock for the Series C Convertible Preferred Stock, each holder will receive an amount of shares of Series C Convertible Preferred Stock that is equal to the amount of shares of Common Stock tendered by the holder for such Series C Convertible Preferred Stock. Each share of Series C Convertible Preferred Stock will entitle that holder to dividends in the amount of five percent (5%) per annum based upon a liquidation preference of \$.30 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock. The holders of Series C Convertible Preferred Stock shall be entitled, after two years from the initial issuance of the Series C Convertible Preferred Stock, and from time to time thereafter until five years from the initial issuance, at which time such entitlement shall expire, to convert all or portions of their Series C Convertible Preferred Stock holdings, on a one for one basis into shares of the Common Stock, together with the payment by the holder of \$1.00 per converted share.

By accepting this offer and exchanging shares of Common Stock for the Series D Preferred Stock, each holder will receive an amount of shares of Series D Preferred Stock that is equal to the amount of shares of Common Stock tendered by the holder for such Series D Preferred Stock. The holders of Common Stock that elect to exchange their shares for Series D Preferred Stock shall receive dividends at the rate of 7% per annum based upon a liquidation preference of \$.50 per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock.

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Further, each holder has the option to exchange their shares for any combination of Series C Convertible Preferred Stock or Series D Preferred Stock in an aggregate amount equal to the amount of shares of Common Stock tendered by such holder.

There will be no publicly traded market for the Series C Convertible Preferred Stock and Series D Preferred Stock. Accordingly, sales of such stock will be restricted to applicable exemptions available under state and federal securities laws.

Any holder of the Company's Common Stock who tenders such Common Stock on or after January 29, 2002 and before the Expiration Date, may withdraw its tender of such Common Stock at anytime prior to 5:00 p.m. EDT on March 15, 2002, which date may be extended up to an additional 30 days by the Company at its sole discretion and in compliance with applicable securities laws. Upon any such withdrawal, the Company shall forthwith return to the holder the Exercise Price and the Warrants tendered.

Enclosed with this notice is a copy of the Company's Schedule TO.

Please use the attached form when tendering your Common Stock.

Sincerely,

/s/ Angelo Tullo

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Angelo Tullo

YP.NET, INC.  
4840 EAST JASMINE STREET  
SUITE 105  
MESA, ARIZONA 85205  
(800) 748-6183

ELECTION FORM

I, \_\_\_\_\_ (name), hereby agree to tender \_\_\_\_\_ (number of shares) shares of Common Stock of YP.Net, Inc. (the "Company"), to the Company, in exchange for:

1) \_\_\_\_\_ (number of shares) shares of SERIES C CONVERTIBLE PREFERRED STOCK;

AND/OR

2) \_\_\_\_\_ (number of shares) shares of SERIES D PREFERRED STOCK,

which in the aggregate equal the number of shares of Common Stock that I have tendered. I understand that upon such tender and acceptance by the Company of my Common Stock, my Common Stock will be retired to treasury and I will receive shares of Series C Convertible Preferred Stock and/or Series D Preferred Stock in the amount I indicated above.

I enclose certificates representing \_\_\_\_\_ (number of shares) shares of my Common Stock, of which I wish to tender the amount indicated above and have the remaining shares of Common Stock, if any, issued to me in a new certificate.

If this exchange has been solicited, please state the name of the person or entity that made such solicitation: \_\_\_\_\_.

BY EXECUTING THIS ELECTION FORM AND/OR PARTICIPATING IN THIS TENDER OFFER, EACH INVESTOR SHALL BE DEEMED TO HAVE RELEASED ANY AND ALL RIGHTS OR CLAIMS AGAINST YP.NET, INC., THAT SUCH INVESTOR MAY POSSESS, FROM OR IN ANY WAY RELATED TO THE PURCHASE OF SECURITIES FROM YP.NET, INC.

\_\_\_\_\_  
Signature

(Note: signature must be identical to name in which the shares of Common Stock are issued)

\_\_\_\_\_  
Date

(1) Original Common Stock certificates must accompany the Election Form.

(2) This election form may be hand delivered or faxed to YP.Net, Inc. at (480) 325-4362, Attn: Angelo Tullo. If faxed, your original Common Stock certificates must be received at YP.Net, Inc. within [15] days of the faxing of this form.