

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2003

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

For the transition period from _____ to _____

Commission File Number 0-24217

YP.NET, INC.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

85-0206668
(IRS Employer Identification No.)

4840 East Jasmine St. Suite 105
Mesa, Arizona 85205
(Address of principal executive offices)

(480) 654-9646
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act 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 of the issuer's common equity outstanding as of August
11, 2003 was 42,930,722 shares of common stock, par value \$.001.

Transitional Small Business Disclosure Format (check one):

Yes No X
----- -----

YP.NET, INC.
INDEX TO FORM 10-QSB FILING
FOR THE QUARTER ENDED June 30, 2003

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2003

ASSETS:

CURRENT ASSETS

<S>	<C>
Cash and equivalents	\$ 2,429,261
Accounts receivable, net of allowance for doubtful accounts of \$2,636,512	5,896,866
Prepaid expenses and other current assets	213,709

Total current assets	8,539,836

ACCOUNTS RECEIVABLE, long term portion, net of allowance for doubtful accounts of \$352,519	822,543
---	---------

CUSTOMER ACQUISITION COSTS, net of accumulated amortization of \$1,953,457	2,953,432
--	-----------

PROPERTY AND EQUIPMENT, net	624,418
-----------------------------	---------

DEPOSITS AND OTHER ASSETS	86,217
---------------------------	--------

INTELLECTUAL PROPERTY- URL, net of accumulated amortization of \$1,757,956	3,308,494
--	-----------

ADVANCES TO AFFILIATES	1,372,444
------------------------	-----------

TOTAL ASSETS	\$17,707,384
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY:

CURRENT LIABILITIES:

Accounts payable	\$ 325,536
Accrued liabilities	440,263
Due to Affiliates	115,084
Deferred income taxes	365,550
Income taxes payable	2,608,937

Total current liabilities	3,855,370
---------------------------	-----------

NOTES PAYABLE - long term portion	115,868
-----------------------------------	---------

DEFERRED INCOME TAXES	9,383

Total liabilities	3,980,621

STOCKHOLDERS' EQUITY:

Series E convertible preferred stock, \$.001 par value, 200,000 shares authorized, 131,840 issued and outstanding, liquidation preference \$39,552	132
Common stock, \$.001 par value, 100,000,000 shares authorized, 49,249,340 issued, 42,930,722 outstanding	49,249
Paid in capital	4,770,731
Treasury stock at cost	(331,818)
Retained earnings	9,238,469

Total stockholders' equity	13,726,763

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$17,707,384
	=====

</TABLE>

See the accompanying notes to these unaudited financial statements

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YP.NET, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2003 AND JUNE 30, 2002

	Three Months Ended June 30, 2003	Nine Months Ended June 30, 2003	Three Months Ended June 30, 2002	Nine Months Ended June 30, 2002
<S>	<C>	<C>	<C>	<C>
NET REVENUES	\$ 8,013,845	\$ 20,604,344	\$ 3,416,953	\$ 9,249,792
OPERATING EXPENSES:				
Cost of services	2,061,229	5,732,345	1,168,396	3,086,075
General and administrative expenses	2,561,499	5,603,685	1,186,777	3,075,448
Sales and marketing expenses	1,069,576	2,564,950	16,330	155,663
Depreciation and amortization	166,523	464,761	156,487	456,587
Total operating expenses	5,858,827	14,365,741	2,527,990	6,773,773
OPERATING INCOME	2,155,018	6,238,603	888,963	2,476,019
OTHER (INCOME) AND EXPENSES				
Interest (income) expense	(27,994)	(40,783)	33,808	70,802
Other (income) expense	(169,857)	(399,652)	(392,482)	(398,052)
Total other (income) expense	(197,851)	(440,435)	(358,674)	(327,250)
INCOME BEFORE INCOME TAXES	2,352,869	6,679,038	1,247,637	2,803,269
INCOME TAX PROVISION (BENEFIT)	676,039	2,404,486	448,895	1,077,182
NET INCOME	\$ 1,676,830	\$ 4,274,552	\$ 798,742	\$ 1,726,087
NET INCOME PER SHARE:				
Basic	\$ 0.04	\$ 0.10	\$ 0.02	\$ 0.04
Diluted	\$ 0.04	\$ 0.10	\$ 0.02	\$ 0.04
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	43,430,722	42,481,237	43,810,933	43,812,299
Diluted	43,438,588	42,481,237	43,810,933	43,812,299

</TABLE>

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YP.NET, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2003 AND JUNE 30, 2002

	NINE MONTHS ENDED JUNE 30, 2003	NINE MONTHS ENDED JUNE 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income	\$ 4,274,552	\$ 1,726,087
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	464,762	456,609
Loss on disposal of equipment		7,715
Non-cash income recognized on recapture of common stock		(267,675)
Receivable on legal settlement		(126,466)
Allowance on related party notes receivable		131,690
Income recognized on forgiveness of debt	(45,362)	
Deferred income taxes	281,793	(226,572)
Officers & consultants paid common stock	478,750	
Common stock surrendered	(160,979)	
Changes in assets and liabilities:		
Trade and other accounts receivable	(2,644,116)	(658,429)
Customer acquisition costs	(1,535,205)	(1,014,528)
Prepaid and other current assets	(149,498)	(81,245)
Other assets	64,508	(5,000)
Receivable from affiliate	(139,371)	
Accounts payable	130,140	(219,069)
Accrued liabilities	256,074	(76,234)

Due to affiliates	115,084	
Income taxes payable	2,122,694	1,301,327
	-----	-----
Net cash provided by operating activities	3,513,826	948,210
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances made to affiliates and related parties	(1,000,000)	(458,987)
Repayment of advances to affiliates and related parties	-	153,750
Purchases of intellectual property	(6,761)	(49,719)
Purchases of equipment	(537,912)	(118,979)
	-----	-----
Net cash (used in) investing activities	(1,544,673)	(473,935)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	278,167	
Principal repayments on notes payable	(585,167)	(836,653)
	-----	-----
Net cash (used)/provided by financing activities	(307,000)	(836,653)
	-----	-----
INCREASE IN CASH	1,662,153	(362,378)
CASH, BEGINNING OF PERIOD	767,108	683,847
	-----	-----
CASH, END OF PERIOD	\$ 2,429,261	\$ 321,469
	=====	=====

</TABLE>

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SUPPLEMENTAL CASH FLOW INFORMATION:

<TABLE>

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	Nine month period ended June 30, 2003	Nine month period ended June 30, 2002
	-----	-----
<S>	<C>	<C>
Interest Paid	\$ 10,857	\$ 61,414

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2003 AND JUNE 30, 2002

1. Basis of Presentation

The accompanying unaudited financial statements represent the consolidated financial position of YP.Net, Inc. ("the Company") for the three and nine month periods ended June 30, 2003, and June 30, 2002, which includes results of operations of the Company and Telco Billing, Inc. ("Telco"), its wholly owned subsidiary, and statement of cash flows for the nine month periods ended June 30, 2003 and June 30, 2002. These statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments to these unaudited financial statements necessary for a fair presentation of the results for the interim period presented have been made.

2. Company Organization and Operations

YP.Net, Inc., a Nevada corporation (the "Company," "we," "us," or "our"), is in the business of providing Internet-based yellow page advertising space on or through www.Yellow-Page.Net, www.YP.Net and www.YP.com .

The Company's "yellow page" database lists approximately 18 million businesses throughout the United States. Our website enables internet users to search through these "yellow page" listings and is used by businesses and consumers attempting to locate a business and/or service provider in response to a user's specific search criteria.

As our primary source of revenue, we offer "preferred" listings to businesses for a monthly fee. The "preferred" listing provides a business with a priority placement listing over non-paying listings and is displayed in a bigger and bolder font at the beginning of, or in the first section of the user's search results - thus featuring our paying customers more prominently to user's of our website. In addition, our paying customers get a Mini-Webpage which includes a 40-word description of their business, their hours of operation and other useful

information, a

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direct link to the paying customers website, (if they have one and it is provided by the advertiser), map, driving directions to the paying customers location and more. We market for advertisers of our "preferred" listing service, under the name "Yellow-Page.Net, exclusively to businesses through a direct mail solicitation program. The solicitation includes a promotional incentive (i.e. generally a \$3.50 check) which, if cashed by the business, automatically signs the business up for the Preferred Listing service for an initial twelve month period with automatic renewals thereafter. This easy subscription process provides a written confirmation (ie. the check) of the subscription by the newly subscribing business, which is verified by an independent third party (i.e the paying customers depositing bank). To additionally insure the intention of sign-up, the Company then mails a written confirmation card to the newly subscribing business generally within 30 days from activation. The Company also provides a 120-day cancellation period whereby the subscribing business may cancel and receive a full refund of any amounts paid to the Company.

Each paying customer is billed monthly for that month's service, the vast majority of such monthly billings appear on the subscribing business's local phone bill. Management believes this ability to bill the paying customer through the paying customers phone bill is a significant competitive advantage for the Company as few independent (not owned by a telephone company) yellow page companies are authorized to bill directly on the phone bill for services rendered.

We were originally incorporated as a New Mexico company in 1969 and the Company was re-incorporated in Nevada in 1996 as Renaissance Center, Inc. Our Articles of Incorporation were restated in July 1997 and our name was changed to Renaissance International Group, Ltd. Effective July 1998, we changed our name to RIGL Corporation. In June 1999, we acquired Telco Billing, Inc. ("Telco") and commenced our current operations through this entity. In October 1999, we amended our Articles of Incorporation to change our corporate name to YP.Net, Inc. to better identify our company with our business focus.

From August through March 1999, we abandoned all subsidiaries previously involved in the multi-media software and medical billing and practice management areas. With the acquisition of Telco, our business focus shifted to the Internet yellow page services business and this business is currently our main source of revenue. Telco is operated as our wholly owned subsidiary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: This includes all short-term highly liquid

investments that are readily convertible to known amounts of cash and have original maturities of three months or less. At times cash deposits may exceed government insured limits. At June 30, 2003, cash deposits exceeded those insured limits by \$ 2,200,000.

Principles of Consolidation: The consolidated financial statements include

the accounts of the Company and its wholly owned subsidiary, Telco Billing, Inc. All significant intercompany accounts and transactions are eliminated.

Customer Acquisition Costs: These costs represent the direct response

marketing costs that are incurred as the primary method by which customers subscribe to the Company's services. The Company purchases mailing lists and sends advertising materials to prospective subscribers from those lists. Customers subscribe to the services by positively responding to those advertising materials which serve as the contract for the subscription. The Company capitalizes and amortizes the costs of direct-response advertising on a straight-line basis over eighteen months, the estimated average period of retention for new customers. The Company capitalized costs of \$1,145,950 and \$3,488,662 during the three and nine months ended June 30, 2003 respectively. The Company amortized \$829,405 and \$1,953,457 , respectively, of total capitalized costs during the three and nine months ended June 30, 2003.

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The Company also incurs advertising costs that are not considered direct-response advertising. These other advertising costs are expensed when incurred. These advertising expenses were \$240,171 and \$617,494 for the three and nine months ended June 30, 2003, respectively.

Revenue Recognition: The Company's revenue is generated by customer

subscriptions of directory and advertising services. Revenue is billed and recognized monthly for services subscribed in that specific month. The Company utilizes outside billing companies to transmit billing data, much

of which is forwarded to Local Exchange Carriers ("LEC's") that provide local telephone service. Monthly subscription fees are generally included on the telephone bills of the customers. The Company recognizes revenue based on net billings accepted by the LEC's. Due to the periods of time for which adjustments may be reported by the LEC's and the billing companies, the Company estimates and accrues for dilution and fees reported subsequent to year-end for initial billings related to services provided for periods within the fiscal year.

Revenue for billings to certain customers whom are billed directly by the Company and not through the LEC's, is recognized based on estimated future collections. The Company continuously reviews this estimate for reasonableness based on its collection experience.

Income Taxes: The Company provides for income taxes based on the provisions

of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which, among other things, requires that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of financial statements.

Financial Instruments: Financial instruments consist primarily of cash,

accounts receivable, and obligations under accounts payable, accrued expenses and notes payable. The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses and notes payable approximate fair value because of the short maturity of those instruments. The Company has applied certain assumptions in estimating these fair values. The use of different assumptions or methodologies may have a material effect on the estimates of fair values.

Net Income Per Share: Net income per share is calculated using the weighted

average number of shares of common stock outstanding during the year. The Company has adopted the provisions of SFAS No. 128, Earnings Per Share.

Use of Estimates: The preparation of financial statements in conformity

with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying financial statements include the estimate of dilution and fees associated with LEC billings and the estimated reserve for doubtful accounts receivable.

Stock-Based Compensation: Statements of Financial Accounting Standards No.

123, Accounting for Stock-Based Compensation, ("SFAS 123") established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation. In accordance with SFAS 123, the Company has elected to continue accounting for stock based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

4. ACCOUNTS RECEIVABLE

The Company provides billing information to third party billing companies for the majority of its monthly billings. Billings submitted are "filtered" by these billing companies and the LEC's to determine if such customers fit the criteria to bill them on the telephone bill and are then accepted as Net Accepted billings. Net accepted billings are

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recognized as revenue and accounts receivable. The billing companies remit payments to the Company on the basis of cash ultimately received from the LEC's by those billing companies. The billing companies and LEC's charge fees for their services which are netted against the gross accounts receivable balance. The billing companies also apply holdbacks to the remittances for potentially uncollectible accounts. These dilution amounts will vary due to numerous factors and the Company may not be certain as to the actual amounts of dilution on any specific billing submittal until several months after that submittal. The Company estimates the amount of these charges and holdbacks based on historical experience and subsequent information received from the billing companies. The Company also estimates uncollectible account balances and provides an allowance for such estimates. The billing companies retain certain holdbacks that may not be collected by the Company for a period extending beyond one year. These balances have been classified as long-term assets in the accompanying balance sheet.

The Company experiences significant dilution of its gross billings by the billing companies. The Company negotiates collections with the billing companies on the basis of the contracted terms and historical experience. The Company's cash flow may be affected by holdbacks, fees, and other matters which are determined by the LEC's and the billing companies.

5. INTELLECTUAL PROPERTY

The URL is recorded at its cost net of accumulated amortization. Management believes that the Company's business is dependent on its ability to utilize this URL given the recognition of the Yellow page term. Also, its current

customer base relies on the recognition of this term and URL as a basis for maintaining the subscriptions to the Company's service. Management believes that the current revenue and cash flow generated through use of Yellow-page.net supports the carrying of the asset. The Company

periodically analyzes the carrying value of this asset to determine if impairment has occurred. No such impairments were identified during the year ended September 30, 2002 or the three months ended June 30, 2003. The URL is amortized on an accelerated basis over the twenty-year term of the licensing agreement. Amortization expense on the URL was \$90,369 and \$276,808 for the three and nine months ended June 30, 2003, respectively.

6. PROVISION FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

During the year ended September 30, 2002, the Company structured certain transactions related to its merger with Telco that allowed the Company to utilize net operating losses that were previously believed to be unavailable or limited under the change of control rules of Internal Revenue Code 382. The deferred income tax asset of \$1,471,000 related to these net operating losses recorded at September 30, 2001, was fully offset by a valuation allowance. That valuation allowance was eliminated and recognized as a benefit in the year ended September 30, 2002. Due to these changes, the Company recognized an income tax benefit of \$1,614,716 for the year ended September 30, 2002. At September 30, 2002 the Company has utilized all of its federal and state net operating losses.

Income taxes for three and nine months ended June 30, is summarized as follows:

<TABLE>
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	Three Months Ended 2003	Nine Months Ended 2003
<S>	<C>	<C>
Current Provision	\$546,461	\$ 2,122,694
Deferred (Benefit) Provision	129,578	281,792
Net income tax provision	\$676,039	\$ 2,404,486

</TABLE>

At June 30, 2003, deferred income tax assets related to differences in book and tax bases of accounts receivable, direct marketing costs and intangible assets.

At June 30, 2003 deferred tax liabilities were comprised of differences in book and tax bases of customer acquisition costs and property and equipment respectively.

7. STOCKHOLDERS' EQUITY

Series E Convertible Preferred Stock

During the year ended September 30, 2002, the Company created a new series of equity, the Series E Convertible Preferred Stock, \$0.001 par value per share, and authorized 200,000, shares. The shares carry a \$0.30 per share liquidation preference and accrue dividends at the rate of 5% per annum on the liquidation preference per share, payable quarterly from legally available funds. If such funds are not available, dividends shall continue to accumulate until they can be paid from legally available funds. Holders of the preferred shares shall be entitled, after two years from issuance, to convert them into common shares on a one-to-one basis together

with payment of \$0.45 per converted share.

During the year ended September 30, 2002, pursuant to an existing tender offer, holders of 131,840 shares of the Company's common stock exchanged those shares for an equal number of the Series E Convertible Preferred shares, at the then \$0.085 market value of the common stock. As of June 30, 2003, the liquidation preference value of the outstanding Series E Convertible Preferred Stock was \$39,552, and dividends totaling \$1,978 had been accrued associated with those shares.

Treasury Stock

At June 30, 2003, there were 6,319,000 shares of stock held in treasury.

8. NET INCOME PER SHARE

Net income per share is calculated using the weighted average number of shares of common stock outstanding during the three and nine months ended June 30, 2003, respectively. Preferred stock dividends are subtracted from the net income to determine the amount available to common shareholders. There were \$494 and \$1,482 preferred stock dividends in the three and nine months ended June 30, 2003, respectively. Warrants to purchase 500,000 shares of common stock were excluded from the calculation for the three months ended June 30, 2003. The exercise price of those warrants was greater than the trading value of the common stock and therefore inclusion of such would be anti-dilutive. Also excluded from the calculation for the nine months ended June 30, 2003 were 131,840 shares of Series E Convertible Preferred Stock issued during the year ended September 30, 2002, which are considered anti-dilutive due to the cash payment required by the holders of the securities at the time of conversion. However, the Series E Convertible Preferred Stock was dilutive in the calculation for the three months ended June 30, 2003. The following presents the computation of

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basic and diluted loss per share from continuing operations for the three and nine months ended June 30,:

<TABLE>
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	Three Months Ended June 30, 2003		Per Share		Nine Months Ended June 30, 2003		Per share	
	Income	Shares		Income	Shares			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Net Income	\$ 1,676,830			\$ 4,274,552				
Preferred stock dividends	(494)			(1,482)				
	-----			-----				
Income available to common Stockholders	\$ 1,676,336			\$ 4,273,070				
	=====			=====				
Basic Earnings Per Share:								
Income available to common stockholders	\$ 1,676,336	43,430,722	\$ 0.04	\$ 4,273,070	42,481,237	\$	0.10	
	=====		=====	=====			=====	
Effect of dilutive securities		7,866						
Diluted Earnings Per Share	\$ 1,676,830	43,438,588	\$ 0.04	\$ 4,273,070	42,481,237	\$	0.10	
	=====		=====	=====			=====	

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9. RELATED PARTY TRANSACTIONS

During the three and nine months ended June 30, 2003, the Company conducted transactions with entities affiliated with the Company because of commonality in members in management or direct or indirect control of the affiliate by a member or members of the Company's management. The following summarizes those transactions:

<TABLE>
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	Three Months Ended	Nine Months Ended
	-----	-----

Entity	June 30, 2003	June 30, 2003
	Amount	Amount
<S>	<C>	<C>
Simple.Net, Inc. ("SN")	\$ 57,763	\$ 194,389
Commercial Finance Services d/b/a/ HR Management ("CFS")	-	528,630
Business Executive Services, Inc.	62,737	172,979
Advertising Management Specialists, Inc.	102,901	409,136
Advanced Internet Marketing	59,570	221,901
DLC Consulting	30,000	90,000
Sunbelt	125,964	730,815
MAR & Associates	52,000	52,000
	\$ 490,935	\$ 2,890,785

</TABLE>

These entities provide consulting, employee leasing, marketing and management services to the Company. The above amounts represent payments made to these entities during the period.

In addition to these transactions, the Company also provides customer and technical support to Simple.net for a fee. These fees are included in other income and amounted to \$442,690 in the nine months ended June 30, 2003.

During the three and nine month periods ended June 30, 2003, the Company loaned \$600,000 and \$1,000,000, respectively to two entities that are significant shareholders of the Company. Prior to this period and in accordance with the instructions that the Company received from said shareholders, the Company has made payments to third parties (including related parties) on behalf of the stockholders and applied those payments as an increase in Advances to Affiliates. The total balance due from these entities was \$1,280,000 at June 30, 2003.

During the nine month period ended June 30, 2003, the Company's board of directors resolved to pay for the costs of defending a civil action filed against the CEO and Chairman. The action involves a business in which the CEO was formerly involved. The Board action includes any officers and directors that may potentially become involved in this civil action. Through June 30, 2003, the Company has paid approximately \$344,976 on behalf of its CEO relative to this matter. This civil action remains unresolved. At this time, the Company cannot estimate what additional costs may be incurred to continue covering the costs related this matter.

10. Line of Credit

The Company entered into an agreement with Bank of the Southwest for a \$250,000 unsecured bank line of credit facility on May 2, 2003. The note requires monthly payments of all accrued interest. All principal and unpaid accrued interest are due on May 2, 2004. Interest accrues at prime rate plus 0.5%, or 4.25% at June 30, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Quarterly Report contains certain forward-looking statements, including those regarding the Company's and its subsidiary's expectations, intentions, strategies and beliefs pertaining to future performance. All statements contained herein are based upon information available to the Company's management as of the date hereof, and actual results may vary based upon future events, both within and without management's control.

General

YP.Net, Inc., a Nevada corporation (the "Company," "we," "us," or "our"), is in the business of providing Internet-based yellow page advertising space on or through www.Yellow-Page.Net, www.YP.Net, and www.YP.com. Any information

contained on the foregoing web sites or any other websites referenced in this Report are not a part of this Report. Our common stock trades on the Over-the-Counter Bulletin Board under the symbol "YPNT" and is included as a component of the Dow Jones Internet Services Index.

The Company's "yellow page" database lists approximately 18 million businesses throughout the United States. Our website enables internet users to search through these "yellow page" listings and is used by businesses and consumers attempting to locate a business and/or service provider in response to a user's specific search criteria.

As our primary source of revenue, we offer "preferred" listings to businesses for a monthly fee (generally \$17.95). The "preferred" listing provides a

business with a priority placement listing over non-paying listings and is displayed in a bigger and bolder font at the beginning of, or in the first section of the user's search results - thus featuring our paying customers more prominently to user's of our website. In addition, our paying customers get a Mini-Webpage(TM) which includes a 40-word description of their business, their hours of operation and other useful information, a direct link to the paying customers website, (if they have one and it is provided by the advertiser), map, driving directions to the paying customers location and more.

As of June 30, 2003, we had approximately 157,731 "preferred" listing advertisers who have subscribed for this enhanced advertising service and are also billed monthly on their telephone bill. The Company also bills directly to certain customers via a monthly invoice. The amount and frequency of collections on invoice billed customers is significantly less than for customers billed on their telephone bill. The Company estimates that it has approximately 10,000 invoice bill customers that pay for the enhanced listing service on a regular basis. The Company's total customer count represents less than 1% of the estimated available market for preferred listings.

We market for advertisers of our "preferred" listing service ,under the name "Yellow-Page.Net, exclusively to businesses through a direct mail solicitation program. The solicitation includes a promotional incentive (i.e. generally a \$3.50 check), which, if cashed by the business, automatically signs the business up for the Preferred Listing service for an initial twelve month period with automatic renewals thereafter. This easy subscription process provides a written confirmation (i.e. the check) of the subscription by the newly subscribing business, which is verified by an independent third party (i.e. the paying customers depositing bank). To additionally insure the intention of sign-up, the Company then mails a written confirmation card to the newly subscribing business generally within 30 days from activation. The Company also provides a 120-day cancellation period whereby the subscribing business may cancel and receive a full refund of any amounts paid to the Company.

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In the second quarter of Fiscal 2003, we created an outbound calling department whose function is to proactively obtain the 40-word description to be used in the Mini-Webpage(TM), as well as other information from each newly subscribing customer. This effort is expected to provide more information for potential customers searching our website to help them choose to do business with one of our Preferred Listing advertisers. As of August 11,2003, we have obtained Mini-Webpage information on approximately 120,000 LEC and non-LEC customers.

Each paying customer is billed monthly for that month's service, the vast majority of such monthly billings appear on the subscribing business's local phone bill. Management believes this ability to bill the paying customer through the paying customers phone bill is a significant competitive advantage for the Company as few independent (not owned by a telephone company) yellow page companies are authorized to bill directly on the phone bill for services rendered.

The Company uses Dial Up Services Inc. (d/b/a Simple.Net, Inc. ("SN")), an internet service provider beneficially owned by a director (DeVal Johnson) of the Company, to provide internet dial-up and other services to its customers (See Footnote 9 to the financial statements). SN charges the Company's customers \$2.50 per month for such internet access. The Company's monthly charge to its customers includes this internet access service. The Company and SN share the same building address but are located in different suite numbers.

We were originally incorporated as a New Mexico company in 1969. The Company was re-incorporated in Nevada in 1996 as Renaissance Center, Inc. Our Articles of Incorporation were restated in July 1997 and our name was changed to Renaissance International Group, Ltd. Effective July 1998, we changed our name to RIGL Corporation. In June 1999, we acquired Telco Billing, Inc. ("Telco") and commenced our current operations through this entity which is a wholly-owned subsidiary. In October 1999, we amended our Articles of Incorporation to change our corporate name to YP.Net, Inc. to better identify our company with our business focus.

From August through March 1999, we abandoned all subsidiaries previously involved in the multi-media software and medical billing and practice management areas. With the acquisition of Telco, our business focus shifted to the Internet yellow page services business and this business is currently our main source of revenue. Telco is operated as our wholly owned subsidiary.

GROWTH INITIATIVES

PRIMARY GROWTH STRATEGIES

PREFERRED LISTINGS-We currently derive almost all of our revenue from selling Preferred Listings for the search results on our website. A Preferred Listing is displayed at the beginning of search results in response to a user's specific search query. A Preferred Listing is enhanced on the display of search results and includes a "Mini-Webpage(TM)" listing where the paying customer can use up to 40 words to advertise; among other features. Our primary growth strategy is

to obtain a significantly greater number of Preferred Listings given the large, estimated potential available market for such listings. As part of this strategy, the Company has re-instituted its marketing program and plans to regularly solicit its potential customer base of approximately 18 million businesses through its direct mail solicitation program. As a result of such program, the Company has increased its LEC-Billed (i.e. monthly telephone bill) customer count from approximately 47,147 at June 30, 2002 to 157,731 at June 30, 2003.

BRANDING-The Company also plans to further embark upon a substantial campaign to brand its product using the YP.Net, YP.com and Yellow-Page.Net names. The Company seeks to become the "internet yellow pages of choice" to businesses and consumers performing searches.

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In addition to its cross marketing and cross placement agreement(s) with other websites, the Company has signed a contract for advertising relating to Baca Racing and National Hot Rod Association ("NHRA") events, which provides us with advertising on the Baca Racing vehicles as well as public relations and advertising as a sponsor of NHRA. The contract relating to Baca Racing and the National Hot Rod Association primarily involves the payment by the Company of approximately \$20,000 as a one-time fee in an effort to gain additional exposure for the Company and its services through this mode of advertising for an 18 month period. In addition, we are members of both the Yellow Pages Integrated Media Association (YPIMA) and the Association of Directory Publishers (ADP). As further described under "Strategic Alliances", these organizations are trade associations for yellow page publishers that promote quality of published content and advertising methods. The Company plans to take an even more active role in the year ahead. In the future, the Company also plans to substantially increase its advertising through print, media and fixed placement advertising in select markets.

RECENT EVENTS

Contracts and Arrangements

During the quarter ended June 30, 2003 and prior to this filing, the Company entered into several contracts relating to its business. In April, 2003, the Company signed a contract with Switchboard Incorporated ("Switchboard") which allows preferred listing customers of YP.Net to be included in the "Featured Listing" section of Switchboard.com's internet "yellow pages." This agreement is for one year initially.

This agreement involves a minimum monthly payment of \$20,000 by the Company for up to 250,000 directory advertisements hosted by Switchboard. The payment would increase for additional directory advertisements exceeding 250,000 at the rate of \$.08 per directory advertisement per month. This agreement is renewable for successive one year periods unless either party elects to terminate the agreement with no less than 30 days notice prior to the end of the then-current term.

In May, 2003, the Company signed an agreement with Pike Street Industries whereby the Company's online "yellow pages" will be added to the list of online "yellow page" sites on Pike Street Industries, Inc's websites. The cost of this agreement is \$20,000 per month. This agreement may be terminated by either party at any time with 30 days notice.

The Company previously disclosed that it had signed a license agreement with Palm, Inc. ("Palm") to become a provider of "yellow page" and "white page" content on PDA ("personal data assistant") devices using the Palm operating system. Such content will be provided by the Company to Palm through a hypertext link from the Palm operating system to the Company's website. The cost of this agreement was \$20,000 up-front for two years. This agreement is renewable for successive two year periods unless either party elects to terminate the agreement with no less than 60 days notice prior to the end of the then-current term. The Company is currently undergoing the quality assurance process with Palm before linking with the Palm operating system. This process is expected to be completed on or before September 30, 2003.

The Company believes each of these agreements will increase the number of page views for our customers and, in the case of the Switchboard agreement, also provides Switchboard's customers the ability to also achieve additional page views by being listed on the YP.Net-related websites.

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In July 2003, Overture/GoTo announced that it was being acquired by Yahoo! Inc. The Company has a cross-placement and cross-linking agreement with Overture/Goto which is on a month-to month basis. At this time, the Company is unable to determine the impact, if any, of this acquisition on the the agreement between the Company and Overture/Goto. Based upon preliminary discussions with Overture/GoTo and Yahoo, Company management is not aware of any impending changes to this arrangement.

On July 8, 2003, the Company, through its wholly-owned subsidiary Telco Billing, Inc., signed an Exclusive Domain License agreement with Onramp Access, Inc. ("Onramp"). This agreement provides the Company the exclusive use of the domain name www.ypNet.com. The Company paid \$250,000 plus 100,000 shares of YP.Net

common stock as consideration for this agreement. The term of the license agreement is three years. According to the agreement, there are certain circumstances whereby the Company would become the owner of the www.ypNet.com

domain name:

- - If the price of YP.Net common stock maintains an open and close price above \$3.00 per share for three consecutive trading days and all transfer restrictions have lapsed or been removed;
- - If OnRamp has sold all of its YP. Net shares;
- - If the Company exercises its right to convert the license agreement into a purchase and sale agreement whereby the Company can exercise its right to call the outstanding YP.Net shares held by Onramp at a price that is the higher of \$3.00 per share or the average closing price of YP.Net stock for the three days prior to the notice of the exercise of the call); or
- - Onramp converts the license agreement to a purchase and sale agreement and exercises its right to put the stock to the Company at \$3.00 per share. Onramp's put right exists only between June 1, 2006 and September 1, 2006.

In June, 2003, the Company signed a Co-location agreement with XO Communications ("XO"), whereby the Company will locate certain of its communications interconnection equipment and cabling on the premises of XO and will also interconnect with the XO telecommunications network. The purpose of this agreement is to provide for the back-up, safety and security of the Company's network and data. This agreement is for two years and is automatically renewed under similar terms unless either party provides forty-five day advance notice of its desire to terminate prior to expiration. The cost of this agreement is \$750 per month per location.

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2003 Stock Plan

During the year ended September 30, 2002, the Company's shareholders approved the 2002 Employees, Officers & Directors Stock Option Plan (the "2002 Plan"). The 2002 Plan was never implemented, however, and no options, shares or any other securities were issued or granted under the 2002 Plan. There were 3,000,000 shares of the Company's common stock authorized under the 2002 Plan, which were to come from the Company's authorized but unissued common stock. On June 30, 2003 and July 21, 2003, respectively, the Company's Board of Directors and a majority of its shareholders terminated the 2002 Plan and approved the Company's 2003 Stock Plan ("2003 Plan"). The 3,000,000 shares of Company common stock previously allocated to the 2002 Plan were re-allocated to the 2003 Plan. On August 12, 2003, 2,048,000 shares authorized under the 2003 Plan were granted in the form of Restricted Stock. These shares of Restricted Stock were granted to the Company's service providers as well as the Company's executives. Of the 2,048,000 shares of Restricted Stock granted, 1,049,000 shares vest at the end of three years, an additional 599,000 shares vest either at the end of ten years or upon the Company's common stock attaining an average bid and ask price of \$10 per share for three consecutive trading days and an additional 400,000 shares vest upon the common stock attaining various average bid and ask prices with 80,000 shares vesting for each \$1 price increase at prices beginning from \$5 per share up to \$9 per share. The vesting of all shares of Restricted Stock accelerates upon a Change of Control, as defined in the 2003 Plan.

RESULTS OF OPERATIONS

Revenue for the three month period ended June 30, 2003, was \$8,013,845 compared to \$3,416,953 for the three month period ended June 30, 2002, an increase of over 134%. For the nine month periods ended June 30, 2003 and 2002, revenue increased to \$20,604,344 from \$9,249,792, an increase of over 122%. The increase in revenue is primarily the result of an increase in preferred listing customers. LEC-billed (i.e. monthly telephone bill) preferred listing customers increased to 157,731 at June 30, 2003 compared to approximately 47,147 preferred listing customers at June 30, 2002, an increase of over 234%. Compared to the 56,432 preferred listing customers at September 30, 2002, the beginning of this fiscal year, the number of preferred listing customer has grown by 179% thus far this fiscal year. The increase in preferred listing customers is the result of our direct mail solicitation marketing efforts. As previously mentioned, the Company also has approximately 10,000 customers that it bills directly through monthly invoice. The amount and frequency of collections on invoice billed customers is significantly less than for customers billed on their telephone bill. Therefore, revenue can be negatively impacted if the billing method used to bill a preferred listing customer converts from telephone bill invoicing to direct invoicing. Also, revenue can be negatively impacted by customer requests for refunds and/or cancellations.

Cost of services for the three month periods ended June 30, 2003 and June 30, 2002 were \$2,061,229 and \$1,168,396, respectively, an increase of approximately 76%. Cost of services for the nine months ended June 30, 2003 and 2002 were \$5,732,345 and \$3,086,075, respectively, an increase of approximately 86%. Cost of services is comprised of billing aggregator dilution expenses, certain direct mailer marketing costs and the amortization of such costs, allowances for bad debt and our billing costs including billing fees charged by our billing aggregators. Dilution expenses include customer credits and any other receivable write-downs. The primary reason our cost of services has continued to increase is due primarily to the previously mentioned increase in preferred listing customers as well as increased dilution and billing fees resulting from our direct solicitation mailing efforts. Cost of services as a percent of net revenue was approximately 26% for the three months ended June 30, 2003 compared to approximately 34% for the same period in the prior fiscal year. Cost of services as a percent of net revenue was 28% for the nine months ended June 30, 2003 compared to 33% in the comparable prior year period. These increased costs were offset by the leveraging of our fixed cost infrastructure over a larger customer base which resulted in the reduction in the cost of services as a percent of net revenue.

General and administrative expense for the three month periods ended June 30, 2003 and June 30, 2002 were \$2,561,499 and \$1,186,777, respectively, an increase of approximately 116%. For the nine months ended June 30, 2003 and 2002, such expenses were \$5,603,685 and \$3,075,448, respectively, an increase of approximately 82%. General and administrative expenses increased due to an increase in costs and employees relating to our growth in preferred listing customers, our Quality Assurance and Outbound marketing initiatives as well as an increase in certain officers compensation relating to employment contracts with such officers. In addition, during the three month period ended June 30, 2003, the Company paid for the costs of defending a civil action filed against its CEO and Chairman pursuant to a Board of Directors resolution. The action involves a business in which the CEO was formerly involved. The Company, and at least one officer, have received subpoenas in connection with this matter. The Board believes that it is important and in the best interests of the Company and its shareholders to resolve this matter as soon as possible. The Board action includes the payment of legal and other fees for any other officers and directors that may become involved in this civil action. Through June 30, 2003, the Company has paid \$344,976 on behalf of its CEO relative to this matter. This civil action remains unresolved. At this time, the Company cannot estimate what additional costs may be incurred to continue covering the costs related to this matter, but all such costs shall be deemed to be additional compensation to the CEO. (See Part II-Other Information Item 1. Legal Proceedings) As a percent of net revenue, general and administrative expenses were 32% for the three months ended June 30, 2003 compared to 35% for the comparable period in 2002. For the nine months ended June 30, 2003, general and administrative expenses as a percent of net revenue were 27% compared to 33% for the comparable period in 2002. The reduction in general and administrative expenses as a percent of net revenue is the result of the leveraging our fixed cost infrastructure over a larger customer base.

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Sales and marketing expenses are primarily the costs associated with our marketing relating to our direct mail solicitations. Sales and marketing expenses for the three month periods ended June 30, 2003 and June 30, 2002 were \$1,069,576 and \$16,330, respectively, an increase of approximately 6400%. For the nine months ended June 30, 2003 and 2002, sales and marketing expenses were \$2,564,950 and \$155,663, respectively, an increase of almost 1500%. The primary reason for the increase in sales and marketing is due to the Company fully re-instituting its marketing solicitation program and the implementation of new market strategies and modification of direct mail marketing pieces. Such marketing has resulted in the increase in preferred listing customers cited previously. We capitalize certain direct marketing expenses and amortize those costs over an 18 month period based on the customer attrition rates analyzed by the Company. As a percent of net revenues, sales and marketing expenses were 13% and 0.4% for the three month periods ended June 30, 2003 and 2002, respectively. For the nine month periods ended June 30, 2003 and 2002, sales and marketing expenses as a percent of net revenue were 12% and 2%, respectively. The increase in sales and marketing expenses as a percent of net revenue results from the full re-institution of our marketing program.

Depreciation and amortization primarily relates to the amortization of the Company's intellectual property and depreciation of equipment. Regarding the Company's intellectual property, the cost of our Yellow-Page.Net URL license was capitalized at \$5,000,000. The URL is amortized on an accelerated basis over the twenty-year term of the licensing agreement. Amortization expense on the URL was \$88,088 and \$107,500 for the three month periods ended June 30, 2003 and June 30, 2002, respectively. For the nine months ended June 30, 2003 and 2002, amortization expense on the URL were \$210,195 and \$322,500, respectively. Annual amortization expense in future years related to the URL is anticipated to be approximately \$200,000-\$300,000. Depreciation and amortization for the three and nine month periods ended June 30, 2003 increased slightly compared to the comparable periods in 2002 due to additional purchases of equipment. However, with the significant equipment purchases relating to the Company's previously-mentioned infrastructure additions, depreciation expense is expected to increase

in future periods.

Interest income , net of interest expense for the three month periods ended June 30, 2003 was \$27,994. This compares to interest expense, net of interest income of \$33,808 for the three months ended June 30, 2002. For the nine month periods ended June 30, 2003 and 2002, interest income, net of interest expense was \$40,783 compared to interest expense, net of interest income of \$70,802. The increase in the interest income portion results from the Company's increased cash position resulting from the Company's increased profitability. The decrease in the interest expense portion was a result of the payment of a substantial portion of our debt in Fiscal 2002.

We recorded other income of \$169,857 and other income of 392,482 respectively, for the three month periods ended June 30, 2003 and June 30, 2002. The primary components of other income in the current year period is revenue of \$166,536 received from Simple.Net, a related party (See Footnote 9 to the Financial Statements) for customer and technical services provided by the Company to Simple.net. The primary components of other income in the prior year period was \$195,772 recorded as a gain on the settlement with a former consultant to the Company and \$200,000 received as a settlement from a former billing aggregator. For the nine months ended June 30, 2003, we recorded other income of \$399,652 compared to other income of \$398,052 for the comparable period in 2002. The primary components of other income in the current period were revenue of \$442,691 received from Simple.Net, a related party (See Footnote 9 to the Financial Statements) for customer and technical services provided by the Company to Simple.net offset by a \$90,000 loss on a settlement with a former consultant to the Company. The primary components for the prior year period were \$195,772 recorded as a gain on the settlement with a former consultant to the Company and \$200,000 received as a settlement from a former billing aggregator.

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Net income before taxes for the three month periods ended June 30, 2003 and June 30, 2002 were \$2,352,869 and \$1,247,637 , respectively, an increase of over 88%. For the nine month periods ended June 30, 2003 and 2002, net income before taxes were \$6,679,038 and \$2,803,269, respectively, an increase of approximately 138%.

Net income for the three month periods ended June 30, 2003 and June 30, 2002 were \$1,676,830 , or \$0.04 per diluted share, and \$798,742 , or \$0.02 per diluted share, respectively, an increase in net income of over 109%. For the nine months ended June 30, 2003 and 2002, net income was \$4,274,552 or \$0.10 per diluted share and \$1,726,087, or \$0.04 per diluted share, respectively, an increase in net income of 148%. In the three and nine month periods ended June 30, 2003 compared to the comparable periods in 2002, net income increased due to the increase in preferred listing customers cited above with a less than corresponding increase in the expenses to service such customers due to nature of certain fixed infrastructure expenses which do not necessarily increase as revenues increase offset by costs incurred relating to the previously cited infrastructure additions. Net income as a percent of net revenues for the three months ended June 30, 2003 was 21% compared to 23% for the comparable prior period. For the nine months ended June 30, 2003, net income as a percent of net revenue was 21% compared to 19% for the comparable prior period.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities for the nine-month period ended June 30, 2003, was \$3,513,826 compared to \$948,210 for the nine -month period ended June 30, 2002. The increase in cash generated from operations is primarily due to a significant increase in net income and corresponding income tax payable resulting from an increase in preferred listing customers offset by an increase in the accounts receivable balance from such growth and funds expended for mailings related to the Company's marketing efforts.

We had working capital of \$4,684,466 as of June 30, 2003 compared to \$1,115,741 as of June 30, 2002. The increase is due primarily to increases in cash of \$2,107,792 and accounts receivable of \$2,368,328 offset by increases in deferred income taxes of \$365,550 and accrued liabilities of \$440,263.

Cash used in investing activities was \$1,544,673 for the nine -month period ended June 30, 2003. The primary components of cash used represents purchase of computer equipment (relating to the previously-mentioned infrastructure additions) and intellectual property of \$544,673, as well as net advances to affiliates of \$1,000,000. Compared to the nine -month period ended June 30, 2002, where cash used of \$473,935 consisted of significantly lower purchases of computer equipment of \$118,979 and lower net advances to affiliates of \$458,987 offset by repayments of advances to affiliates and related parties of \$153,750.

Cash used by financing activities was \$307,000 for the nine -month period ended June 30, 2003, compared to \$836,653 for the nine -month period ended June 30, 2002. The cash used represents total payments made to reduce the principal balances of our outstanding debt reduced by financing of \$278,167 under the Company's trade acceptance draft program with AcTrade Financial Technologies, Ltd.

We have repaid almost all of our debt. However, we have a commitment to provide up to \$10,000,000 in loans to each of Morris & Miller, Ltd. and Matthew & Markson, Ltd. (the "M&M's") Those funding commitments are contingent upon the Company having sufficient cash flow for its operations. Any amounts advanced to the M&M's are to be repaid to the Company and can be offset against amounts owed to the M&M's. We do not believe that the M&M's, as our largest shareholders, will make significant requests for funding under this commitment, as such advances would adversely affect our liquidity. During the three months ended June 30, 2003, the Company made \$600,000 of advances under these commitments. The balance due from the M&M's under this commitment was \$1,280,000 at June 30, 2003.

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The Company previously entered into Executive Consulting Agreements with Sunbelt Financial Concepts Inc. ("Sunbelt"), Advertising Management and Consulting Services, Inc. ("AMCS") and Advanced Internet Marketing Inc. ("AIM") relating to the employment of three executive managers and their respective staffs. As part of these agreements, a Flex Compensation program was instituted. Under these agreements, each of Sunbelt, AMCS and AIM may annually draw up to \$220,000, \$50,000 and \$30,000 respectively subject to sufficient cash on hand at the Company. The amounts are increased by 10% annually and also contain a Due on Sale Clause, whereby if there is a change of control of the Company, as defined, then the respective agreements allows each to receive the greater of 30% of the amounts due under the respective agreements or 12 months worth of fees. As of August , 2003, all amounts had been drawn under the agreements.

On May 1, 2003, the Company also entered into a similar Executive Consulting Agreement with Mar & Associates, Inc. ("MAR"). David Iannini, the Company's Chief Financial Officer, is the President of MAR, and MAR is wholly-owned by a family trust, of which Mr. Iannini is trustee. Similar to the agreements describe immediately above, the MAR agreement provides that Mr. Iannini, through MAR, will provide the Company with the services of Chief Financial Officer, among other administrative services and personnel. As part of the MAR agreement, MAR will receive \$17,500 per month with a 10% annual increase in each succeeding year, and fees and reimbursements for certain ancillary items. In addition, the agreement also awarded MAR with 250,000 shares of Company common stock, grossed-up for taxes, subject to achieving certain performance goals for the Company in Fiscal 2003. If such goals are not achieved, then part of the award is forfeited on a pro rata basis. The agreement also awarded bonuses of \$15,000 to MAR relating to performance in Fiscal 2003, \$21,000 relating to performance for Fiscal 2004 and 10% of annual salary for each fiscal year thereafter for the term of the Agreement, which is December 31, 2007 unless otherwise extended by the parties. As part of the agreement, a Flex Compensation program was instituted which allows MAR to draw up to \$15,000 (increased by 10% on each anniversary date of this Agreement) as additional compensation, subject to sufficient cash on hand at the Company. In addition, the Agreement contains a Due on Sale clause whereby if there is a change of control of the Company, as defined, then MAR will receive the greater of 30% of the amounts due under the Agreement or 12 months worth of fees. As of this filing, MAR had drawn the entire \$15,000 under its Flex compensation agreement.

Our Chief Executive Officer is involved in personal litigation, which may divert his attention from the management of the Company. The Company's Board of Directors has resolved to pay for the costs of defending a civil action filed against its CEO and Chairman. The action involves a business that the CEO was formerly involved in. The Company and at least one officer have received subpoenas in connection with this matter and the Board believes that it is important to help resolve this matter as soon as possible. The Board action includes the payment of legal and other fees for any other officers and directors that may become involved in this civil action. Through June 30, 2003, the Company has paid \$344,976 on behalf of its CEO relative to this matter. This civil action remains unresolved. At this time, the Company cannot estimate what additional costs may be incurred to continue covering the costs related to this matter, but all such costs shall be deemed to be additional compensation to the CEO. Recently, the parties have engaged in preliminary settlement discussions, some of which have included the possible payment of cash or equity by the Company. There can be no assurance that the Company may not be named a defendant in this action in the future.

During the quarter ended June 30, 2003, the Company signed an unsecured credit facility of \$250,000 with Bank of the Southwest. The facility is for one year and interest on borrowings, if any, will be an interest rate of 0.5% above the Prime Rate, as defined. On July 2, 2003, the Company drew \$100,000 of funds under this credit facility and repaid this borrowing on August 2, 2003.

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We believe that cash and cash equivalents on hand, anticipated future cash receipts generated from operations and the availability of funds under our existing line of credit will be sufficient to service our remaining debt and meet our obligations as they become due over the next twelve months.

CERTAIN RISK FACTORS AFFECTING THE COMPANY'S BUSINESS

Our business is subject to numerous risks, including those discussed below. If any of the events described in these risks occurs, our business, financial condition and results of operations could be seriously harmed.

Our Gross Margins may decline over time. We expect that gross margins may be adversely affected because we have determined that profit margins from the electronic yellow pages offerings that we have profited from in the past have fluctuated. We have experienced a decrease in revenue from the LEC from the effects of the Competitive Local Exchange Carriers (CLEC) that are participating in providing local telephone services to customers. We have begun to address this problem and we are implementing data filters to reduce the effects of the CLEC's. We have also sought other billing methods to reduce the adverse effects of the CLEC billings. These other billing methods may be cheaper or more expensive than our current LEC billing and we have not yet determined if they will be less or more effective. We continue to look for profitable Internet opportunities; however there are no assurances that we will be successful, and presently we have no acquisitions in progress.

WE ARE DEPENDANT UPON KEY PERSONNEL: Our performance is substantially dependant on the performance of our executive officers and other key employees and our ability to attract, train, retain and motivate high quality personnel, especially highly qualified technical and managerial personnel. The loss of services of any executive officers or key employees could have a material adverse effect on our business, results of operations or financial condition. Competition for talented personnel is intense, and there is no assurance that we will be able to continue to attract, train, retain or motivate other highly qualified technical and managerial personnel in the future. Our Chief Executive Officer is involved in personal litigation, which may divert his attention from the management of the Company. The Company's Board of Directors has resolved to pay for the costs of defending a civil action filed against its CEO and Chairman. The action involves a business that the CEO was formerly involved in. The Company and at least one officer have received subpoenas in connection with this matter and the Board believes that it is important to help resolve this matter as soon as possible. The Board action includes the payment of legal and other fees for any other officers and directors that may become involved in this civil action. Through June 30, 2003, the Company has paid \$344,976 on behalf of its CEO relative to this matter. This civil action remains unresolved. At this time, the Company cannot estimate what additional costs may be incurred to continue covering the costs related to this matter, but all such costs shall be deemed to be additional compensation to the CEO.

OUR OPERATING RESULTS ARE DIFFICULT TO PREDICT

Since our Growth Rate may slow, operating results for a particular quarter are difficult to predict: We expect that in the future, our net sales may grow at a slower rate on a quarter-to-quarter basis than experienced in previous periods. This may be a direct cause of the projected changes to our direct marketing pieces or regulatory matters discussed below. See "MARKETING," above. As a consequence, operating results for a particular quarter are extremely difficult to predict. Our ability to meet financial expectations could be hampered if we are unable to correct the billing/dilution through the billing aggregators and CLEC markets seen recently or if direct mailing solicitations are not completed on a timely basis each month or if the timing whereby monthly billings are submitted to billing aggregators varies from month to month. Additionally, in response to customer demand, we continue to attempt develop new products to reduce our attrition rates.

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WE ARE SUBJECT TO A STRICT REGULATORY ENVIRONMENT. Existing laws and regulations and any future regulation may have a material adverse effect on our business. These effects could include substantial liability including fines and criminal penalties, preclusion from offering certain products or services and the prevention or limitation of certain marketing practices. As a result of such changes, our ability to increase our business through Internet usage could also be substantially limited.

OUR QUARTERLY RESULTS OF OPERATIONS COULD FLUCTUATE DUE TO FACTORS OUTSIDE OF OUR CONTROL, WHICH MAY CAUSE FLUCTUATIONS AND A CORRESPONDING DECREASE TO THE PRICE OF OUR SECURITIES. Our quarterly operating results may fluctuate for reasons that are not within our control, including:

- demand for our services, which may depend on a number of factors including economic conditions, customer response rates to our direct marketing, customer refunds/cancellations and our ability to continue to bill customers on their monthly telephone bills rather than through direct invoicing;
- timing of new service or product introductions and market acceptance of new or enhanced versions of our services or products;
- our ability to develop and implement new services and technologies in a timely fashion to meet market demand as well as our ability to execute the mailing of our monthly direct mail solicitations; and

- the actions of our competitors; and
- the timing of billing and receipt of amounts from LEC's may vary, such that billing and revenues may fall into the subsequent fiscal quarter.

The fluctuation of our quarterly operating results, as well as other factors, could cause the market price of our securities to fluctuate and decrease. Some of these factors include:

- the announcement of new customers or strategic alliances or the loss of significant customers or strategic alliances;
- announcements by our competitors;
- sales or purchases of Company securities by officers, directors and insiders;
- government regulation;
- announcements regarding restructuring, borrowing arrangements, technological innovations, departures of key officers, directors or employees, or the introduction of new products; and
- general market conditions and other factors, including factors unrelated to our operating performance or that of our competitors.

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Investors in our securities should be willing to incur the risk of such price fluctuations.

WE FACE INTENSE COMPETITION, INCLUDING FROM COMPANIES WITH GREATER RESOURCES. THIS COMPETITIVE PRESSURE COULD LEAD TO CONTINUED DECREASES IN OUR REVENUES, WHICH WOULD ADVERSELY AFFECT OUR OPERATING RESULTS. Several companies currently market yellow-page services that directly compete with our services and products, including Yahoo and Microsoft. For several reasons, we may not compete effectively with existing and potential competitors. These reasons may include:

- Some competitors have greater financial resources and are in better financial condition than us.
- Some competitors have more extensive marketing and customer service and support capabilities.
- Some competitors may supply a broader range of services, enabling them to serve more or all of their customers' needs. This could limit sales for us and strengthen existing relationships that competitors have with customers, including our current and potential customers.
- Some competitors may be able to better adapt to changing market conditions and customer demand; and
- Other competitors not currently involved in the Internet-based yellow-page advertising business may enter the market or develop technology that reduces the need for our services.

Increased competitive pressure could lead to lower prices and reduced margins for our services. If we experience continued reductions in our revenue for any reason, our margins will continue to be reduced, which would adversely affect our results of operations. We cannot assure you that we will be able to compete successfully in the future.

STOCK PRICES OF TECHNOLOGY COMPANIES HAVE DECLINED PRECIPITOUSLY OVER THE LAST SEVERAL YEARS AND THE TRADING PRICE OF OUR COMMON STOCK IS LIKELY TO BE VOLATILE, WHICH COULD RESULT IN SUBSTANTIAL LOSSES TO INVESTORS. The trading price of our common stock has risen significantly over the past couple of months and could continue to be volatile in response to factors including the following, some of which are beyond our control:

- decreased demand in the Internet-services sector;
- variations in our operating results;
- announcements of technological innovations or new services by us or our competitors;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other technology companies similar to us;
- conditions or trends in the technology industry;
- additions or departures of key personnel; and

- future sales of our common stock.

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Domestic and international stock markets often experience significant price and volume fluctuations. These fluctuations, as well as general economic and political conditions unrelated to our performance, may adversely affect the price of our common stock.

TERRORIST ATTACKS AND THREATS OR ACTUAL WAR MAY NEGATIVELY IMPACT ALL ASPECTS OF OUR OPERATIONS, REVENUES, COSTS AND STOCK PRICE. Recent terrorist attacks in the United States, as well as future events occurring in response or connection to them, including, without limitation, future terrorist attacks against United States targets, rumors or threats of war, actual conflicts involving the United States or its allies or military or trade disruptions impacting our domestic or foreign suppliers of parts, components and subassemblies, may impact our operations, including, among other things, causing delays or losses in the delivery of supplies to us and decreased sales of our products. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They also could result in economic recession in the United States or abroad. Any of these occurrences could have a significant impact on our operating results, revenues and costs.

Item 3 - Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report (the "Evaluation Date"). Based on such evaluation, the Company's management has concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective such that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms relating to the Company. The Company's management has also concluded that the Company's disclosure controls and procedures are designed to accumulate and communicate the information required to be disclosed by the Company to the Company's management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. No significant changes were made in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are party to ordinary routine litigation in the course of our operations. We have also been subject to certain state and federal regulatory proceedings. See Footnote 9 to the Company's financial statements included herein.

The Company's Chairman and Chief Executive Officer, Mr. Tullo, is a party defendant in an adversary proceeding ancillary to the Bankruptcy proceedings under Chapter 11 of American Business Funding, Inc. ("ABF"). See United States Bankruptcy Court for the District of Arizona, Case #00-01782-ECF-RJH, and Case #00-00151-RJH American Business Funding Corporation (ABF) v. Tullo, et. al. The suit alleges that all of the former officers of ABF, including Mr. Tullo, and others and entities that may have been controlled by them, made fraudulent conveyances and breached their fiduciary duty to certain shareholders of ABF.

Mr. Tullo has answered the complaints against him and has denied all the allegations and has been vigorously contesting the plaintiffs' claims. Mr. Tullo and his legal counsel have provided the following information:

Mr. Tullo alleges that he discovered a scheme of financial improprieties by his partners and some employees, including misappropriation of funds from ABF. Further that after Mr. Tullo left his former partners and those appointed by them continued to raise funds without disclosure and to pay old obligations with this new money. Mr. Tullo states that it was through his intervention, by contacting many of the creditors, meeting with the Arizona Attorney General's Office, and moving for and obtaining the appointment of a Receiver, and later a court appointed examiner, that the activities stopped. Upon the appointment of the receiver, the directors appointed by Mr. Tullo's former partners authorized ABF to file for protection under the United States Bankruptcy Code and initiated the suit referenced above.

There are several other suits related to ABF and its bankruptcy proceedings. In all of the cases not filed by the control persons of ABF, Mr.

Tullo is not named as a defendant. The only findings of fact and conclusions of law that have been rendered in this series of cases is against one of the directors installed by Mr. Tullo's former partners, and that was by the Arizona Corporation Commission, docket number S-03443A-01-0000 Decision number 64079. In addition, the suit filed by the American Support Foundation which is controlled by the individuals appointed by Mr. Tullo's former partners has been dismissed in Mr. Tullo's favor.

The Company has conducted a limited investigation of these matters, but is not in a position to confirm or deny the truth of the various and conflicting allegations. The litigation does not presently name the Company as a defendant. The litigation could adversely affect the Company if the litigation diverts Mr. Tullo's attention from his duties as an officer and director of the Company. Recently, the parties have engaged in preliminary settlement discussions, some of which have included the possible payment of cash or equity by the Company. There can be no assurance that the Company may not be named a defendant in this action in the future. Closing arguments in this case were concluded in July, 2003 and a decision is expected on or before September 30, 2003. Any decision may be subject to appeal.

The Company has agreed to pay all of Mr. Tullo's legal expenses in connection with the foregoing action. To date, such expenses have aggregated \$344,976.

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ITEM 2. CHANGES IN SECURITIES

During the nine months ended June 30, 2003, the Company issued the following unregistered securities and on the following terms:

- - 4,000,000 shares (value of \$300,000) to Sunbelt Financial Concepts, Inc. ("Sunbelt"), for services provided to the Company. Angelo Tullo, the Company's CEO and Chairman, is President of Sunbelt;
- - 1,000,000 shares (value of \$75,000) to Advertising Management and Consulting Services, Inc. ("AMCS") for services rendered to the Company. Greg Crane, Company's Vice President of Marketing and a Director, is President of AMCS;
- - 1,000,000 shares (value of \$75,000) to Advanced Internet Marketing, Inc. ("AIM") for services rendered to the Company. DeVal Johnson, the Company's Secretary and Director is President of AIM; and
- - In December, 2003, the Company issued 50,000 shares (value of \$3,750) to David J. Iannini, the Company's CFO. In addition, 250,000 shares (value of \$25,000) were issued to Mar & Associates, Inc., an entity owned by a family trust, of which Mr. Iannini is the sole trustee. These shares were issued in consideration of services rendered to the Company through December 31, 2002.

The restricted shares were issued based upon the average bid and ask prices at the time of issuance and were issued in reliance on the exemption from registration provided by Section 4 (2) of the Securities Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (b) (a) See Exhibit Index The Registrant filed the following Current Reports on Form 8-K during the three-month period covered by this report and ending June 30, 2003:
- On May 30, 2003, the Company filed a Current Report on Form 8-K attaching a press release concerning the Company's earnings and results of operations for the Company's second fiscal quarter ended March 31, 2003.
 - On July 22, 2003, the Company filed a Current Report on Form 8-K to report the execution of an Exclusive Domain Name License Agreement whereby the Company obtained exclusive rights to the "YP.com" domain name.

Items 3-5 are not applicable and have been omitted.

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SIGNATURES

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

YP.NET, INC.

Dated: August 14th, 2003

/s/ Angelo Tullo

Chairman, President, Chief Executive Officer

/s/ David J. Iannini

Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Exhibit
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10.1	Colocation Agreement between the Registrant and XO Communications, Inc. dated June 10, 2003
10.2	Executive Consulting Agreement between the Registrant and Mar & Associates, Inc. dated May 1, 2003
10.3	Private Label Agreement-Vista.com
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

COLLOCATION LICENSE AGREEMENT

This Collocation License Agreement (the "Agreement"), is made as of the 10th day of June 2003 (the "Effective Date"), by and between Telecommunications of

Nevada, LLC, a Delaware limited liability company, doing business as XO Communications a Limited Liability Company, on behalf of itself and its operating subsidiaries and affiliates, with an office at 2240 Corporate Circle, Suite 100, Henderson, Nevada 89014 ("XO") and Telco Billing, Inc., a Nevada corporation, with an office at 806 Buchannon Blvd., Suite 250-115, Boulder City, Nevada 89005 ("Customer")- Customer and Service Provider being collectively referred to herein as the "Parties."

WHEREAS, XO and/or its affiliates currently own or lease certain premises (the "Premises") as described in the applicable Collocation Schedule(s) and amendments thereto, which are executed herewith and may be executed from time to time, and all of which are made a part hereof;

WHEREAS, Customer desires access to a portion of the Premises to locate therein certain communications interconnection equipment (as defined below) and cabling (the "Equipment") for the purpose of interconnecting the Equipment with the XO telecommunications network (the "XO Network"); and

WHEREAS, XO is willing to grant Customer a license to occupy a portion of the Premises upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Customer and XO hereby agree as follows:

AGREEMENT

1. LICENSE TO OCCUPY AND PERMISSIBLE USE,

A. Subject to the terms provided herein, and subject to The corresponding execution by Customer of an XO service order agreement to purchase telecommunications services from XO to be used in conjunction with this license, except as otherwise permitted pursuant to subsection I.D. below, XO hereby grants to Customer a license (the "License") to install, operate, maintain, and repair a communications system, associated equipment, lines and cables connected thereto, and/or hardware server(s) and its associated cables (collectively, the "Equipment," as further described below) in a portion of the Premises depicted in the Collocation Schedule attached hereto and made a part hereof (the "Equipment Space"). The Equipment co-located by Customer in the Premises with the XO communications facilities and associated equipment (the "Facilities") hereunder shall include only transmission equipment, such as optical terminating equipment and multiplexes, and servers; provided that the Equipment shall not include voice-switching equipment unless expressly approved in writing in advance by XO. Such approval, if granted, will become an exhibit to the applicable Collocation Schedule. Customer agrees that XO has the right at any time to audit Customer's traffic and business records in order to ensure compliance with the foregoing, and Customer will cooperate with any such audit,

B. Each Collocation Schedule shall have attached thereto Exhibit A, the Floor Plan for the Equipment Space (including Equipment layout or diagram), and Exhibit B, Technical Services. Each Collocation Schedule shall only be effective upon its full execution by the Parties and together with the terms hereof and the related exhibits shall constitute the entire agreement between the parties with respect to the Equipment Space (collectively the "Agreement"),

C. Customer shall use the Equipment Space and the Equipment installed within the Premises solely to provide communications services to or for the benefit of its customers or end users. Customer shall not prohibit or interfere with the use of the Premises or any portion thereof, by XO or other tenants, customers or occupants of the Premises. Customer shall not sublicense, lease, rent, share, resell or allow the use of the Equipment or Equipment Space, in whole or in part, by any third party, including but not limited to other providers of computer or communications services,

D. Customer may use the Equipment Space only for purposes of installing, maintaining and operating Equipment necessary to support interconnection to the XO Network. XO shall provide all

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services to the Customer in each location in which the Customer has collocated Equipment in the XO facility when and where XO can provide and agree to provide the requested services (hereinafter referred to as the "XO Right of First Refusal"). In cases where XO has determined in its sole discretion that XO is unable to provide certain requested services to Customer, XO will provide written notice to Customer declining its Right of First Refusal, and the Customer may then be permitted to cross-connect to a third party carrier in a neutral location specified by XO where XO has created "meet-me" rooms. XO will install and manage all cross-connections (whether to a third party carrier or to XO), and will charge Customer accordingly. Cross-connections from one collocating customer to another may only occur in the applicable meet-me room. Where such a meet-me room is not available, XO will designate an alternate location for facilitating these cross-connections. These cross-connections will also incur a charge in addition to the charges set out in the applicable Collocation Schedule; such additional charge will be determined by XO depending on the

specific circumstances,

E. Customer will not be permitted to utilize the Equipment Space as a work site. Customer may not operate its business out of the Equipment Space or house personnel in the Equipment Space. This includes, but is not limited to, the prohibition against Customer's receipt of mail at XO Facilities. Customer must be present to receive all deliveries at each collocation site, must schedule the receipt of any deliveries with the site's local contact at least twenty-four (24) hours in advance of each delivery, and must ensure that all deliveries occur as scheduled. XO will not be held responsible in any way for the care of any deliveries made. Deliveries of any kind must be moved away from the loading dock or other receiving area at the collocation site within five (5) hours of the delivery. If the delivery has not been moved by a representative of the Customer, XO may move the delivery to another site, and will not be responsible for the condition of the delivery, including Equipment delivered to the XO Facilities. Equipment may not be stored at any collocation site unless it is housed within the Customer's contracted caged area or cabinet. Mail deliveries to the Customer may not be sent to the Collocation Site. Any mail addressed to the Customer at the Collocation Site will be refused.

F. Customer may obtain XO Technical Services at XO Facilities in accordance with Exhibit B, Technical Services, attached to and made a part of the applicable Collocation Schedule.

2. CONDITION OF EQUIPMENT SPACE AND PREMISES. XO makes no warranty or representation regarding the Premises, including, without limitation, that the Equipment Space, the Facilities or the Premises are suitable for the License or its intended use thereof. Customer acknowledges that it has inspected the Equipment Space and the Premises, accepts the same "AS IS" and agrees that XO is under no obligation to perform any work or provide any materials to prepare the Equipment Space or the Premises for Customer,

3. LICENSE FEE AND PAYMENT.

A. Customer shall pay XO, at its office, or at such other place as XO may designate from time to time, a license fee(s) comprised of monthly recurring service fees set forth in the applicable Collocation Schedule for Customer's use of the Equipment Space under the terms and conditions set forth herein, including any applicable taxes, fees and other charges, and any non-recurring charges (the "License Fee"), Invoices for the license Fee and other applicable charges will be for the specified period, e.g., monthly, and are due within thirty (30) days from the date of the invoice. License Fees and other applicable recurring and nonrecurring charges for collocation will appear on the invoice one (1) month in advance, with the first month's charges pro-rated to the number of days in service for the first month, and usage based or other related charges that vary will be billed in arrears and included on the invoices, all of which Customer agrees to pay,

B. Invoices not paid within thirty (30) days from the date of the invoice, unless otherwise specified on the invoice, will be past due. Customer shall pay XO interest at the rate of 1.5% per month on all sums not paid when due hereunder or the maximum rate allowable by law, whichever is less. Customer agrees to reimburse XO for any costs incurred as a result of any collection activity, including but not limited to reasonable attorney's fees, unless otherwise prohibited by law. Customer authorizes XO to request information from a reporting agency to enable XO to assess Customer's credit history, that such action is not an extension of "credit" to Customer, and that XO may, upon notice to Customer, alter any fee, service or billing arrangements as a result of such report or upon determination of a change in

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Customer's financial circumstances. In addition, Customer acknowledges that XO may require Customer to submit a deposit, bond or other financial assurances to XO if so requested by XO.

4. TERM. The term of the License to occupy each Equipment Space shall begin on the "Requested Service Date," set forth in Paragraph 3 of each individual Collocation Schedule or, on the date that XO delivers notice to the Customer that the Equipment Space is available for use or it has completed the build-out of the Equipment Space, if any build-out is required and agreed to by XO, whichever is later. The date upon which XO provides notice to the Customer that the space is available and ready for use shall be referred to as the "Service Commencement Date". XO will begin billing Customer for the License Fee and other applicable charges on the Service Commencement Date. The minimum term of Customer's License to occupy the Equipment Space shall be the period set forth in each Collocation Schedule, but in any case not less than one (1) year (the "Term"). The Term shall begin on the Service Commencement Date. In the event that XO is delayed in making the Equipment Space available for use by the Customer for any reason other than the acts or omissions of Customer, Customer shall not be obligated to pay the License Fee as set forth in the applicable Collocation Schedule until such time as XO makes the Equipment Space available to Customer. XO SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER RESULTING FROM DELAYS IN MEETING THE REQUESTED SERVICE DATE FOR THE EQUIPMENT SPACE SPECIFIED BY CUSTOMER, OR INABILITY TO PROVIDE SERVICES TO SUCH EQUIPMENT SPACE, CUSTOMER MAY NOT CANCEL THIS AGREEMENT IF THERE IS A DELAY IN DELIVERY OF THE EQUIPMENT SPACE OR ANY RELATED SERVICES UNLESS SUCH DELAY IS SOLELY DUE TO XO AND SUCH DELAY EXTENDS NINETY (90) DAYS BEYOND THE REQUESTED SERVICE DATE; PROVIDED, HOWEVER, IN NO EVENT MAY CUSTOMER CANCEL IF XO HAS AGREED TO CONSTRUCT OR IS CONSTRUCTING FACILITIES IN THE EQUIPMENT SPACE.

5. RENEWAL, XO will notify Customer, in writing, at least forty-five (45) days prior to the expiration of the Agreement, regarding the pending expiration of this Agreement and the automatic renewal of the Agreement, if neither the

Customer nor XO cancel the Agreement before the end of the Term, this Agreement will automatically renew for a similar term and at the rates specified in the applicable Collocation Schedule. Any renewal or continuation of the License for each Equipment Space shall be contingent on the election by XO to continue to own or lease the Premises in which the Equipment Space is located for the duration of the Renewal Period(s), such election to be exercised at the sole discretion of XO.

6. RESERVATION OF RIGHTS/NON-EXCLUSIVITY. XO reserves the right to grant, renew or extend similar licenses to others for locating equipment and facilities in the Premises. Customer acknowledges that it has been granted only a license to use and occupy the Equipment Space and that it has not been granted, nor does it possess, any real property interests in the Equipment Space. No use of the Equipment Space or XO Premises by Customer or payment of any charges required under this Agreement shall create or vest in Customer any easements or other ownership or real property interest of any kind or nature. If this Agreement shall be construed by the landlord or the sub-landlord of the XO Premises (if applicable) to be a violation of the lease or sublease under which XO occupies the XO Premises, then upon the request of XO, Customer shall either enter into an agreement approved by such landlord or sub-landlord, or immediately remove Customer's Equipment from the XO Premises. XO agrees to use commercially reasonable efforts to cooperate with Customer in obtaining the approvals Customer may need to obtain from the landlord or sub-landlord.

7. ACCESS TO XO PREMISES. Subject to the terms and limitations described herein, including XO reasonable security measures, XO shall provide Customer reasonable access to the Premises in order to access the Equipment Space, in accordance to the specifications set forth in the Collocation Schedule, so that Customer may perform installation, operation, maintenance, replacement and repair functions. All such access and other activities shall be subject to Customer providing XO with reasonable advance notice, and shall be at Customer's expense. During such access, unless unrestricted access is identified and permitted pursuant to the applicable Collocation Schedule, Customer must be accompanied at all times by an XO designated representative and Customer will incur the Escort Charges as follows:

Normal XO Business Hours (Monday-Friday, 8:00 am
to 5:00 pro local time (except XO holidays)): \$75 per hour

XO Non Business Hours (all other times, Holidays and Sundays):\$100 per hour

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8. INSTALLATION AND OTHER WORK.

A. Prior to the commencement of any work at or around the Premises, Customer shall, at its cost and expense, prepare and deliver to XO working drawings, plans and specifications (the "Plans"), detailing the technical characteristics, location and size of the Equipment and/or die Equipment Space, specifically describing the proposed installation and related work, and detailing the schedule for all installation activities related thereto. No work shall commence until XO, in its sole discretion, has approved the Plans in writing and Customer has received such written approval. The Equipment shall be designed and constructed so as to prevent electromagnetic and radio frequency signal leakage. XO shall allow Customer to connect the Equipment to the XO Facilities in accordance with industry-accepted practices and procedures.

B. Customer shall:

I. perform such installation and other work in a safe manner consistent with the Equipment manufacturers' specifications, industry standards and practices and other requirements provided by XO;

II. perform such construction and other work so as to minimize interference with the operation of the Premises and the occupants' activities and businesses;

III. perform heavy construction or installation activities, which would reasonably be considered as disruptive or noisy, before 8:00 a.m. and after 5:00 p.m. local time or as otherwise reasonably requested by XO;

IV. obtain necessary federal, state and municipal permits, licenses and approvals, prior to the commencement of any installation and other work;

V. conduct its installation or work activities with manufacturer-certified technicians;

VI. be responsible for safety conditions in the areas of work performance at all times;

VII. keep the installation or work areas safe and orderly at all times; and

VIII upon completion of installation or other work, leave the Premises clean and free from all of its materials, tools, and equipment not required after installation and from all rubbish and debris which result from such installation activities.

C. XO shall have the light to order Customer to stop its installation or other work activities, without liability to XO, if XO determines such activities are interfering with the operation of the Premises or the occupants' activities and quiet enjoyment thereof,

9. UTILITIES AND INTERRUPTIONS.

A. During the Term, XO shall use commercially reasonable efforts to furnish to Customer electrical power necessary to meet the reasonable requirements of Customer at the Premises. If the power provided by XO causes interference with the proper operation of Customer's Equipment, Customer will be responsible for providing at Customer's sole expense any filtering or regulation devices within the Equipment Space, to correct the interference.

B. To the extent Customer chooses to install a separate electrical panel and meter for the Equipment, Customer shall pay all costs associated with installation of such separate electrical panel and meter in the Equipment Space. Customer shall pay, and otherwise be responsible for and indemnify XO against all electrical, HVAC and other utility costs attributable to such separate panel and meter installed for the Equipment and all of Customer's activities in the Premises. Such payment will be made by Customer directly to the applicable utilities and vendors if so billed, or Customer shall pay Customer's pro

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rata share of such costs to XO, including a management fee, if XO is billed by the utilities. Customer acknowledges that such pro rata utility costs paid to XO may vary by region and arc subject to change with thirty (30) days notice to Customer.

C. XO shall use commercially reasonable efforts to notify Customer in advance of any planned utility or other interruptions or outages which may interfere with Customer's use of the Equipment Space. Further, the Parties shall use reasonable commercial efforts to avoid any unnecessary interruptions and, where required, to work with each other to plan and coordinate necessary service and utility interruptions so as to minimize disruptions to Customer's Equipment and XO Facilities. However, XO shall not be liable, including without limitation to Customer or any of its customers or end users, for any damages, liabilities or expenses resulting from or caused by such interruptions or outages, whether 01 not due to XO negligence or otherwise,

10. EQUIPMENT OWNERSHIP AND MAINTENANCE,

A. The Equipment shall belong to Customer and shall be located in the Premises at the sole risk of Customer, and XO shall not be liable for damage thereto or theft, misappropriation or loss thereof, except in the event of XO gross negligence or willful misconduct. All Equipment supplied by Customer shall be conspicuously labeled by the Customer as such.

B. Customer shall at its sole expense maintain and repair its Equipment, including without limitation to avoid hazard or damage to the Facilities or injury to XO employees, agents and suppliers or to the public. In case where additional protection facilities are required, the same shall be provided by Customer, at Customer's sole expense. XO shall have no responsibility for the maintenance and repair of the Equipment.

C. At the expiration or termination of this Agreement or any individual Collocation Schedule, Customer will remove the Equipment and Customer's personal property from the Premises in a neat and orderly manner, and repair all damage caused by such removal, at Customer's sole cost and expense. Any property not so removed within sixty (60) days after the expiration or termination of this Agreement or any individual Collocation Schedule shall be deemed the property of XO and Customer shall be liable for all costs incurred by XO from the removal and storage, if applicable, of the Equipment which Customer failed or refused to remove as well as any costs incurred by XO for the repair of the Premises as a result thereof.

11. LIMITATIONS ON USE AND RELOCATION.

A. XO may limit the use of the Equipment Space or any portion thereof by Customer hereunder when necessary because of conditions beyond its control as set forth in Section 21.M. herein and damages are limited pursuant to Article 20 set forth below. In addition, XO reserves the right at all times during the Term to suspend any and all services and/or Facilities to be provided hereunder, including, without limitation to furnishing of electrical power, and remove, change or otherwise terminate the operation of Customer-supplied Equipment installed in the Equipment Space without notice, if XO deems, in its sole discretion, that such actions are necessary to protect the public or XO personnel, agents, and XO Facilities or services from damages or injury of any kind. Where possible, XO will notify Customer promptly of such action and work in cooperation with Customer to effect such remedies so as to permit the Equipment to be returned to operation in an acceptable manner,

B. XO shall have the right to relocate or require the relocation of the Equipment if such relocation is necessary or desirable, in XO reasonable judgment, including without limitation due to damage to the Premises. In such event, XO shall provide Customer with reasonable advance notice of the need to relocate such Equipment, and the Parties shall meet to agree upon the activities required for such relocation. Customer shall be responsible for all costs resulting from such relocation of the Equipment. If Customer and XO are unable to agree upon the terms of such relocation, Customer may terminate the applicable Collocation Schedule, subject to Customer's performing its obligations resulting from termination and paying all sums due prior to actual termination.

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12. ENVIRONMENTAL RESPONSIBILITY,

A. XO and Customer agree to comply with applicable federal, state and local environmental, health and safety laws and regulations, including U.S. Environmental Protection Agency ("EPA") regulations issued under the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation and Liability Act, Superfund Amendments and Reauthorization Act and the Toxic Substances Control Act and OSHA regulations issued under the Occupational Safety and Health Act of 1970 and all similar or related state laws. Each Party has the responsibility to notify the other if compliance inspections occur and/or citations are issued that impact any aspect of this Agreement or involve any exposure to hazardous materials at an XO facility.

B. To the extent required by federal, state or local laws, XO and Customer are each responsible for preparing and distributing or posting any and all notices of known, recognized or suspected physical hazards or chemical hazards, including but not limited to providing and posting Material Safety Data Sheets ("MSDSs") for materials present on the Collocation Site or brought on site to the Collocation Site.

C. Customer owns any materials brought to or used at the Collocation Site by Customer or remaining at the Collocation Site as a result of Customer's activities. Customer shall indemnify XO for any claims or liabilities arising from the effects of these materials or the presence of the materials themselves. Customer shall not take any action that creates substantial new safety or environmental hazards nor shall Customer use or store hazardous materials other than those already present as a result of XO's activities at the Collocation Site. Customer shall have plans in place to address any release or exposure resulting from the presence of hazardous materials present at the Collocation Site and if requested by XO, Customer shall demonstrate to XO that its plans are adequate and will result in the appropriate level of emergency response for materials present at the Collocation Site.

D. Customer shall, at its sole cost and expense, obtain, maintain and comply with environmental permits, approvals, or identification numbers, to the extent such permits, approvals, or identification numbers are required under applicable federal, state or local laws. If the relevant regulatory authority refuses to issue a separate permit, approval, or identification number to Customer, Customer may seek permission from XO to apply for coverage under or to use an existing XO permit, approval, or identification number, but only if allowed by applicable federal, state or local laws. If XO approves Customer's use of XO's permit, approval or identification number, Customer shall, at its sole cost and expense, take all necessary steps to obtain the regulatory approvals required for Customer's use of XO's permit, approval or identification number. Customer shall comply with all of XO's environmental practices/procedures relating to the activity in question, including use of environmental "best management practices" ("BMP") and/or selection of disposition vendors and disposal sites in accordance with XO selection criteria. Notwithstanding Customer's compliance with this provision, Customer shall indemnify, defend and hold XO harmless for any claims or liabilities arising out of Customer's use of XO's permit, approval or identification number. Customer shall also provide XO with copies of all documents, reports, data or other information associated in any way with Customer's use of XO's permit, approval or identification number and shall cooperate with XO if XO is required to complete any reports or respond to other inquiries associated with Customer's use of XO's permit, approval or identification number.

E. Customer shall be solely responsible for compliance with all XO security, fire, safety, environmental and building practices/codes by its visitors, employees and contractors. Customer shall provide any necessary training to its visitors, employees and contractors who work in XO facilities.

F. Customer shall, at its sole cost and expense, prepare and/or submit emergency response plans and community right-to-know reporting required by law for Customer's facilities at the Collocation Site. Customer shall provide XO with a copy of all such plans and reports. If XO is required to prepare and/or submit emergency response plans and community right-to-know reporting, Customer shall provide XO with information in Customer's possession necessary to complete such plans or reports and shall cooperate with XO in the implementation of any such plans. Customer shall be solely responsible for payment of any fees associated with its plans or reports. If XO is required to pay fees for plans or reports

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associated with the facility as a whole, Customer and XO shall develop a cost sharing procedure and Customer shall reimburse XO for its share of such costs.

G. Notwithstanding Article 14 below, with respect to 10 environmental responsibility under this Article 12, XO and Customer shall indemnify, defend, and hold each other harmless from and against any claims (including without limitation, third party claims for personal injury or real or personal property damages), judgments, damages (including direct, indirect and punitive damages), penalties, fines, forfeitures, cost, liabilities, interest and losses that are either (i) proximately caused by the indemnifying Party's gross negligence or willful misconduct regardless of form, or (ii) in connection with the violation or alleged violation of any applicable requirement with respect to the presence or alleged presence of contamination arising out of the indemnifying Party's acts or omissions concerning its operations and/or activities at the Facilities.

H. Any activities impacting safety, health or the environment must also be harmonized with the specific agreement and the relationship between XO and the

private landowner or lessor, if any. Customer's activities may be limited by such agreements, including but not limited to limitations on Equipment access.

13. CUSTOMER'S COVENANTS AND WARRANTIES.

A. Customer hereby covenants and warrants:

I. To keep the Equipment Space and the Equipment in good order, repair and condition throughout the Term, to provide XO with full and free access to the Equipment at all times, and to promptly and completely repair all damage to the Premises caused by Customer;

II. To comply with federal, state and municipal laws, orders, rules and regulations applicable to its activities and the Equipment;

III. Not to disrupt, adversely affect or interfere with XO or other providers of services in the Premises or with any occupant's use and enjoyment of its equipment, its leased/occupied premises or the common areas of the Premises;

IV. To pay its monthly license fee when due and to provide written notice to XO if such payment is disputed; and

V. To comply with the limitations on permissible Equipment and use of the Premises as set out in Article 1 of this Agreement.

B. Customer represents and warrants to XO that it has obtained or will obtain, at Customer's sole cost and expense and prior to the installation of any of Customer's Equipment, from all applicable public and/or private authorities, all leases, licenses, authorizations, permits, rights of way, building access agreements and easements necessary to operate, maintain and repair Customer's Equipment within the Premises. Customer further represents and warrants that it will maintain all such authorizations throughout the term of this Agreement.

14. INDEMNIFICATION. Customer shall defend, indemnify, and hold XO, its principals, officers, directors, agents, and employees harmless from and against any loss, cost, damage, liability, claims and expenses of any kind arising directly or indirectly from the installation, operation, maintenance and repair of Customer's Equipment, or from Customer's or any of Customer's subcontractors' or agents' acts or omissions including, but not limited to, reasonable attorneys' fees and court costs, except to the extent such loss, damage, cost or expense is due to the gross negligence or willful misconduct of XO or its employees or agents. The provisions of this Article 14 shall survive termination of this Agreement.

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15. INSURANCE.

A. Customer shall maintain such insurance, including through a blanket policy, as will fully protect both Customer and XO from any and all claims by employees of Customer under the Workers' Compensation Act or employer's liability laws, including any employers' disability insurance laws, and from any and all other claims of whatever kind or nature for any and all damage to property or for personal injury, including death to anyone whomsoever, that may arise from Customer's acts or omissions, including without limitation installation, operations, maintenance or repair services, in or around the Premises by Customer or by anyone directly or indirectly engaged or employed by Customer. Customer shall provide XO with certificates evidencing the required coverage before XO begins any installation work or services in or around the Premises and indicating that XO shall be notified not less than thirty (30) days prior to any cancellation or material change in any coverage. Such insurance shall also name XO as an additional insured party under the coverage.

B. Customer's General Liability Insurance shall have a combined single limit of \$5,000,000 (including any applicable primary and umbrella or excess coverage).

C. Insurance described in Paragraphs (A) and (B) of this Article 15 shall be maintained by Customer throughout the term of this Agreement and any period during which any claims arising from this Agreement are or may be outstanding. Upon Customer's default in obtaining or delivering any such policy or certificate of insurance or Customer's failure to pay the premiums therefore, XO may (but shall not be obligated to) secure or pay the premium for any such policy and charge Customer the cost of such premium, which Customer agrees to pay, or XO may terminate this Agreement, in whole or in part, without liability to Customer.

16. LIENS. Customer shall not permit any mechanic's, material men's or other liens to be filed against all or any part of the Premises, Equipment Space or Facilities, by reason of or in connection with any repairs, alterations, improvements or other work contracted for or undertaken by Customer. Customer shall, at XO request, provide XO with enforceable, conditional and final lien releases (or other reasonable evidence demonstrating protection from liens) from its contractors or other parties performing such work. XO shall have the right at all reasonable times to post on the Premises and record any notices of non-responsibility which it deems necessary for protection from such Hens. If any such liens are filed, Customer shall, at its sole cost, within thirty (30) days after filing thereof, cause such lien to be released of record or bonded so that it no longer affects title to the Premises, Equipment Space or Facilities. If Customer fails to cause such lien to be so released or bonded within such thirty (30) day period, XO may, without waiving its rights and remedies based on such breach, and without releasing Customer from any of its obligations, cause such lien to be released or bonded. Customer shall reimburse XO, within ten (10)

business days after receipt of invoice from XO, any sum paid by XO to obtain such bond or release.

17. SUBCONTRACTORS. Customer may subcontract any portion of work within the Premises contemplated by this Agreement to any entity competent to perform such work. However, Customer must obtain XO written approval before utilizing any subcontractor to perform any activities within the Premises under this Agreement and provide evidence that subcontractor maintains the same or additional insurance coverage as required by Customer under this Agreement. In no event shall such subcontract relieve Customer of any of its obligations or liabilities under this Agreement.

18. CONFIDENTIALITY. The Parties agree that all documentation and information provided by the other shall be used solely in connection with the installation, operation, maintenance, and repair of the Equipment, that all such documentation and information shall be deemed proprietary to the disclosing party and shall be received and maintained in confidence. Customer acknowledges that all information about XO Customers and their operations is confidential and may not be disclosed and that Customer agrees it will not use any such information to solicit any business from XO Customers. Each Party shall preserve the other Party's confidential information provided to it hereunder with the same degree of care in protecting its own confidential or proprietary information, but in no event less than a reasonable standard of care shall be used, and where requested, Customer shall execute and comply with the terms of an XO standard General Non-Disclosure Agreement

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19. TERMINATION.

A. TERMINATION FOR BREACH. XO may terminate the Agreement, in whole or in part, if the Customer materially breaches any warranty, representation, agreement, or obligation contained or referred to in the Agreement, or any other agreement with XO, provided XO has given Customer notice of such breach and Customer has failed to cure such breach within a thirty (30) day period following notification, unless another cure period is noted in Paragraph B below or such other applicable agreement; provided further, however, in the event of a material breach by Customer, XO may terminate the Agreement, in whole or in part, immediately and Customer shall be subject to liability for early termination as set forth in Paragraph D below.

B. EVENTS OF MATERIAL BREACH. Events of material breach by Customer of a warranty, agreement, representation, or obligation include, but are not limited to:

I. Interference or damage caused to Facilities or other equipment or facilities at the Premises by the installation, operation, maintenance, replacement or repair of the Equipment, which breach must be cured within twenty-four (24) hours.

II. Failure by Customer to pay the License Fee or any charges under an XO service order, and interest as and when due, which breach must be cured within a ten (10) calendar day period.

III. Breach by Customer of any material non-monetary provision of the Agreement or an XO service order.

IV. If Customer abandons or deserts the Equipment during the Term hereof or Customer removes from the Premises (and does not replace or substitute equipment for) all of the Equipment.

V. Customer's failure to complete all installation activities within one (1) month of the Effective Date of an individual Collocation Schedule.

VI. Failure to observe the use provisions and limitations on permissible Equipment as set forth in the Agreement, including Article 1 above, which breach must be cured immediately upon notice.

VII. Cancellation/abandonment of a site pursuant to a Collocation Schedule either prior to or after Customer has taken possession of the Equipment Space and/or XO has begun the build-out of the requested space.

VIII. Violation of the confidentiality/press release provisions contained herein, which violation must be cured immediately upon notice.

C. COMMUNICATION FACILITIES. Notwithstanding anything contained herein to the contrary, in the event XO is required to construct and/or acquire special facilities or equipment in connection with providing the Equipment Space to Customer, Customer acknowledges and agrees that XO may therefore incur significant costs and expenses in preparing such Equipment Space to Customer, including but not limited to costs associated with constructing and/or acquiring special facilities or equipment necessary for delivery of the Equipment Space to Customer. In addition to any other rights and remedies XO may have at law, in equity or as provided herein, Customer agrees that if Customer cancels this Agreement or any individual Collocation Schedule after signature but prior to the Service Commencement Date, Customer shall reimburse XO for all costs and expenses XO incurred in constructing and/or acquiring such special facilities or equipment.

D. EARLY TERMINATION CHARGE/BREACH.

1. PRIOR TO SERVICE COMMENCEMENT. In addition to any other rights and remedies XO may have at law or in equity, including those set forth in Section 19.C above, Customer agrees that if Customer

XO CONFIDENTIAL

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terminates, terminates or breaches any applicable Collocation Schedule after execution of the Collocation Schedule but prior to the Service Commencement Date, Customer shall pay XO an early termination charge in an amount equal to two (2) months of the License Fee set forth on the applicable Collocation Schedule(s).

2. On or After Service Commencement. Except as otherwise required by law, if, after the Service Commencement Date, Customer: (a) commits and fails to cure (to the extent cure is permitted herein) a material breach of the Agreement, including any Collocation Schedule; or (b) Customer cancels or terminates this Agreement or any Collocation Schedule at any time before completion of the Term or any renewal Term, then XO may elect to pursue one or more of the following courses of action, as applicable: (i) terminate this Agreement or any Collocation Schedule, whereupon all License Fees, including all non-recurring charges, for the remaining Term are immediately due and payable, and terminate any related service order agreements, whereupon all early termination charges set forth therein are also due; (ii) take immediate appropriate action to enforce payment, including suspension or discontinuance of the use of or access to the Premises, Equipment Space or Facilities or any part thereof, including discontinuing all services to such Equipment Space or Customer equipment; and/or (iii) pursue any other remedies as may be available at law or in equity. Any termination of this Agreement, any Collocation Schedule or any related services by XO shall not be construed as an exclusive remedy and shall not preclude or waive XO's right to pursue any other available remedies. It is agreed that XO damages in the event of cancellation or termination shall be difficult or impossible to ascertain. The provisions of this Article 19 are intended, therefore, to establish liquidated damages in the event of such event and are not intended as a penalty.

20. DISCLAIMERS

A. The warranties and remedies set forth in this Agreement constitute the only warranties and remedies with respect to this Agreement. SUCH WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE.

B. DAMAGES LIMITATION AND DISCLAIMER. IN NO EVENT SHALL XO BE LIABLE TO CUSTOMER OR TO CUSTOMER'S END USERS OR OTHER THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOST PROFITS, LOST GOODWILL, OR LOST BUSINESS, ARISING UNDER OR AS A RESULT OF THIS AGREEMENT, EVEN IF XO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EVEN IF DUE TO XO'S OWN NEGLIGENCE, FURTHERMORE, IN NO EVENT WILL XO BE LIABLE TO CUSTOMER FOR ANY DAMAGES, DIRECT OR INDIRECT, ARISING OUT OF CUSTOMER'S USE OF THE PREMISES OR THE SERVICES PROVIDED HEREUNDER, UNLESS SUCH DAMAGES ARE THE DIRECT RESULT OF XO'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN ANY EVENT, XO'S LIABILITY UNDER THIS AGREEMENT SHALL NOT EXCEED THE TOTAL LICENSE FEES PAID TO XO UNDER THE APPLICABLE COLLOCATION SCHEDULE IN THE PRIOR THREE (3) MONTHS OF THE AGREEMENT.

21. MISCELLANEOUS

A. ASSIGNMENT. Customer shall not assign, transfer or otherwise encumber any interest it has hereunder or may have in the Equipment Space, this Agreement or delegate its duties hereunder without the prior, written consent of XO, which consent will not be unreasonably withheld. This Agreement shall inure to the benefit of and be binding on all successors and assigns. Any assignment in contravention of these provisions shall be null and void.

B. NOTICE. Every notice required or permitted hereunder shall be in writing and shall be delivered to the Party's address set forth in the preamble of the Agreement. Either Party may change its address for the purpose of notice hereunder by providing the other Party with notice of the new address.

C. GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia. Venue for any action between the Parties shall be in the State Courts in

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Fairfax County, Virginia 01 the Federal District Court for the Eastern District of Virginia, and Customer agrees to accept exclusive personal jurisdiction of such courts.

D. SEVERABILITY. If any term or condition of the Agreement shall to any extent be held invalid or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall not be affected thereby, and each term and condition shall be valid and enforceable to the fullest extent permitted by law.

E. NON-WAIVER. Any failure or delay by either Party to exercise or partially exercise any right, power or privilege under the Agreement shall not be deemed a waiver of any such right, power, or privilege under the Agreement.

F. MODIFICATIONS. No modifications or amendments to the Agreement and no waiver of any provisions hereof shall be valid unless in writing and signed by duly authorized representatives of the Parties. In addition, electronic

acceptance of any additional terms, conditions or supplemental contracts, including Collocation Schedules, by a Party's employee or agent shall not be valid or binding on a Party unless accepted in writing by authorized representatives of both Parties.

G. BINDING EFFECT. The Agreement binds the named Parties and each of their employees, agents, independent contractors, representatives and persons associated with it.

H. AUTHORIZATION. Both Parties have full power and authority to enter into and perform this Agreement. The representatives signing this Agreement on behalf of the Parties have been properly authorized and empowered to enter into this Agreement.

I. REGULATORY AND LEGAL COMPLIANCE. Customer acknowledges that the respective rights and obligations of each Party as set forth in this Agreement are based on existing law and the regulatory environment as it exists on the date of execution of this Agreement. In the event of any effective legislative, regulatory or judicial order, rule, regulation, arbitration or dispute resolution or other legal action affecting the provisions of this Agreement, XO may, by providing written notice to Customer, require that the affected provisions of this Agreement be renegotiated in good faith. This Agreement shall be amended accordingly to reflect the pricing, terms and conditions of such Amendment. In addition, to the extent related to XO services being used in connection with this License, Customer warrants that all traffic being delivered by Customer to XO and all traffic that XO delivers to Customer that has originated in the local calling area in which Customer's terminating NXX is assigned and/or in which such traffic is terminated to Customer, is local traffic or is legally entitled to be treated as local traffic under all applicable federal, state and local laws, administrative and regulatory requirements and any other authorities having jurisdiction over the subject matter of this Agreement.

J. ACKNOWLEDGMENT OF UNDERSTANDING. The Parties acknowledge that they have read the Agreement, understand it and agree to be bound by its terms and conditions. Further, the Parties agree that the Agreement is the complete and exclusive statement of the agreement between the Parties relating to the subject matter of the Agreement, and supersedes all proposals, letters of intent or prior agreements, oral or written, and all other communications and representations between the Parties relating to the subject matter of the Agreement.

K. ATTORNEYS' FEES AND COSTS. If any litigation is brought to enforce, or arises out of, the Agreement or any term, clause, or provision hereof, the prevailing Party shall be awarded its reasonable attorneys' fees together with expenses and costs incurred with such litigation, including necessary fees, costs, and expenses for services rendered, as well as subsequent to judgment in obtaining execution thereof.

L. INDEPENDENT CONTRACTOR RELATIONSHIP. Nothing contained herein shall be construed to imply a joint venture, partnership, or employer and employee relationship between the Parties. Neither Party shall have any right, power or authority to create any obligation, express or implied, on behalf of the other without the prior written approval of the other Party, except as defined in this Agreement or as mutually agreed to under the terms of this Agreement. The employees or agents of one Party shall not be deemed or construed to be the employees or agents of the other Party for any purpose whatsoever.

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M. FORCE MAJEURE. Neither Party shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such Party. Such events shall include but not be limited to acts of God, strikes, lockouts, labor disputes, riots, acts of war, epidemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing. Customer shall not be entitled to abate payment of the License Fee during the pendency of any delays or failures in performance caused by or resulting from an event beyond the reasonable control of a Party.

N. REMEDIES. Except as otherwise provided for herein, no remedy conferred by any of the specific provisions of the Agreement is intended to be exclusive of any other remedy. Each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by either Party shall not constitute a waiver of the right to pursue other available remedies. If Customer commits a material breach or default of this Agreement as set forth in the Agreement, all monies due hereunder will become due and payable immediately.

O. SURVIVAL. The terms, conditions and warranties contained in the Agreement that by their sense and context are intended to survive the performance hereof by the Parties hereunder shall so survive the completion of the performance, cancellation or termination of the Agreement.

TELECOMMUNICATIONS OF NEVADA,
LLC D/B/A XO COMMUNICATIONS A LIMITED
LIABILITY COMPANY

TELCO BILLING, INC.

By /s/ Michael S. Craft

Printed Name Michael S. Craft

Title VP Finance

By /s/ Carl Puerschner

Printed Name Carl Puerschner

Title D/T

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COLLOCATION SCHEDULE NO. 1

This Collocation Schedule is made on this 1 day of August, 2003 and subject to all definitions, terms and conditions of that certain Collocation License Agreement, dated 6-10-2003 (the "Agreement") by and between Telecommunications

of Nevada, LLC, a Delaware limited liability company, doing business as XO Communications a Limited Liability Company, with an office at 2240 Corporate Circle, Suite 100, Henderson, Nevada 89014 ("XO"), and Telco Billing, Inc., a Nevada corporation, with an office at 806 Buchannon Blvd., Suite 250-115, Boulder City, Nevada 89005 ("Customer"). This Collocation Schedule also has the following Exhibits: The Floor Plan for the Equipment Space, identified as Exhibit A; and Technical Services, identified as Exhibit B. Capitalized terms used herein but not defined shall have the meanings as set forth in the Agreement.

- 1. ADDRESS OF PREMISES
2250 Corporate Circle
Henderson, NV 89014
- 2. SPACE ALLOCATION
One (1) cabinet
- 3. MINIMUM TERM: Two (2) Years
requested service date: _____
- 4. RENEWAL PERIOD
(outline any renewal options offered)

5. ACCESS TO PREMISES: (CHECK ONE) (1)

24 x 7 unescorted access is provided. Customer will receive 3 cards per site. Additional cards provided at \$50/card.

Escorted access is required. Applicable fees are set out in the Agreement.

6. MONTHLY RECURRING SERVICE FEES - BASE PRICING

<TABLE>
<CAPTION>
Occupancy Fees

	Monthly Recurring Charge	Nonrecurring Charge	Quantity	Total Monthly Recurring Charge
<S> Cage Option: price per square foot	<C> \$ 65.00	<C>	<C> N/A	<C> \$.00
Cabinet Option: price per cabinet including 20 amps AC power	\$ 600.00		1	\$600.00
Installation		\$ 2500.00	1	
Additional Power Fees				
	Price Per amp per month	Nonrecurring Charge	Quantity	Total Monthly Recurring Charge
DC Power: in 10 Amp increments	\$ 15.00		N/A	\$.00
120 Volt AC Power with UPS backup: in 10 Amp increments	\$ 16.00		N/A	\$.00
120 Volt AC Power without UPS backup; in 10 Amp increments	\$.00 (included w/ cabinet)		20	\$.00

</TABLE>

1 Most locations permit 24x7 unescorted access, but there are several XO buildings which do not permit 24x7 unescorted access (e.g., Sears Tower in Chicago).

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<TABLE>
<CAPTION>
Cross Connect Fees(2)

	Monthly Recurring	Non-Recurring	Total Non-Monthly Recurring	Total Recurring
To XO				

	Charge	Charge	Quantity	Charges	Charges
<S>	<C>	<C>	<C>	<C>	<C>
DS1	\$ 50.000	\$ 200.00	N/A	\$.00	\$.00
DS3	\$ 150.00	\$ 300.00	1	\$ 150.00	\$ 300.00
OC3	\$ 500.00	\$ 800.00	N/A	\$.00	\$.00
OC12	\$ 800.00	\$ 2000.00	N/A	\$.00	\$.00
OC48	\$ 2000.00	\$ 2500.00	N/A	\$.00	\$.00
Ethernet -10BaseT	\$ 100.00	\$ 200.00	N/A	\$.00	\$.00
Ethernet -100BaseT	\$ 600.00	\$ 1000.00	N/A	\$.00	\$.00
To Alternate Carrier (based on Revenue Commitment) (3)					
DS1	\$ 150.00	\$ 300.00	N/A		
DS3	\$ 450.00	\$ 1,000.00	N/A		
OC3	\$ 1,600.000	\$ 2,000.00	N/A		
OC12	\$ 3,000.00	\$ 5,000.00	N/A		
OC48	\$ 8,000.00	\$10,000.00	N/A		
Ethernet - 10BaseT	\$ 800.00	\$ 800.00	N/A		
Ethernet -100BaseT	\$ 1,000.00	\$ 1,500.00	N/A		
Infra-Building					
DS1	\$ 150.00	ICB	N/A		
DS3	\$ 450.00	ICB	N/A		
OC3	\$ 1,600.00	ICB	N/A		
OC12	\$ 5,750.00	ICB	N/A		
OC48	\$ 21,000.00	ICB	N/A		

</TABLE>

In addition to the Base Monthly Recurring Occupancy Fees listed above, discounts are provided based on the volume of services billed by the Customer on the same account as the collocation site for each month and the Term agreed to for the site. The discount percentage may vary from month to month and will appear as a single line item on the Customer's invoice. The discount percentage applies only to the Monthly Recurring Charges for the Occupancy Fee, and does not apply to power, cross-connect, installation, or any other charges related to collocation service. The discount schedule is listed below:

Billed Revenue (per Applicable Discount month)

	1YR	2YR	3YR
0-S25K	0%	0%	0%
S25K-S100K	4%	6%	8%
S100K-S300K	6%	8%	10%
S300K AND ABOVE	8%	10%	12%

(2) Cross connects are provided in accordance with and subject to XO's Terms and Conditions as set out in the applicable service agreement.

(3) XO will forfeit its First Right of Refusal only if the Customer has been approved on an individual case basis by the XO Product Manager.

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Exhibit A to this Schedule depicts the work to be performed by XO to prepare the Equipment Space for Customer occupancy and use. By signing below, Customer acknowledges and agrees that it has read and it accepts all the terms and conditions in the Agreement referenced above, of which this Collocation Schedule is a part.

CUSTOMER: Telco Billing, Inc.

XO

By: /s/ Carl Puerschner

By: /s/ Michael S. Kraft

Name: Carl Puerschner

Name: Michael S. Kraft

Title: DIT

Title: VP Finance

Date: 6-10-2003

Date: 6-19-2003

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EXHIBIT A
to Collocation Schedule No. 1 between XO and Telco Billing, Inc.

Insert Collocation Form depicting Requirements
Currently in Microsoft Excel Format

Insert Floor Plan depicting space requirements and/or Equipment layout or
diagram (if applicable)

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<TABLE>
<CAPTION>

XO(TM) Telco Collocation Request Form

EXHIBIT A

to Collocation Schedule No. 1

<S>	<C>	<C>	<C>
Submission Date:		**Please note Requested Delivery Date is not guaranteed	
REQUESTED DELIVERY DATE:		REP NAME:	Kevin Kossman/ Daryl Chavez
CUSTOMER NAME:	Telco Billing, Inc.	DESK PHONE:	602-324-6262
Address of Install:	2250 Corporate Circle Henderson, NV 89014	CELL PHONE:	480-390-5903
		email:	kevin.t.kossman@xo.com
CUSTOMER CONTACT:	Carl Puerschner	TECHNICAL CONTACT:	Carl Puerschner
Address:	4840 E. Jasmine St. Suite 105 Mesa, AZ 85205	Address:	4840 E. Jasmine St. Suite 105 Mesa, AZ 85205
Phone:	480-325-4319	Phone:	480-325-4319
Fax:	707-281-1985	Fax:	707-281-1985
Email:	carlp@yp.net	Email:	carlp@yp.net
24HR CONTACT:	Carl Puerschner	BILLING CONTACT:	Carl Puerschner
Address:	4840 E. Jasmine St. Suite 105 Mesa, AZ 85205	Address:	4840 E. Jasmine St. Suite 105 Mesa, AZ 85205
Phone:	480-325-4319	Phone:	480-325-4319
Fax:	707-281-1985	Fax:	707-281-1985
Email:	carlp@yp.net	Email:	carlp@yp.net

PERIOD OF AGREEMENT: [] 1 Year [] 2 Years [X] 3 Years

ORDER TYPE: [] New Order [X] Add/Change
AGENT ORDER: [] Yes [] No

SPACE REQUIREMENTS

CAGED SPACE

Square feet required:
XO to provide cage layout & proposed rack layout for
Customer approval
Minimum cage size is 100 square feet
Racks cannot exceed a height of 84"
Please list all equipment to be installed by rack #

Equipment	Dimensions (HXWXD)
Rack 1	
Rack 2	
Rack 3	
Rack 4	
Rack 5	
Rack 6	

***If quantity of racks exceeds 6, copy format and attach
additional rack information.

CABINET(S)

Quantity of Cabinets: 1 [X] XO Cabinet
Width of Equipment: [] Customer Cabinet
Depth of Equipment:
*XO does not provide shelves for any cabinets
If installing customer cabinet, please include cabinet dimensions
Customer cabinet cannot exceed depth of 36" and height of 84"
Please list all equipment to be installed by cabinet #

Equipment	Dimensions (HXWXD)
Cabinet 1	
Cabinet 2	
Cabinet 3	
Cabinet 4	
Cabinet 5	
Cabinet 6	

***If quantity of cabinets exceeds 6, copy format and attach
additional cabinet information.

Required Key Cards

Note: 3 supplied at no charge. Additional key cards can be supplied at \$50 charge per additional key card.

Name	Phone	email
Card 1 Carl Puerschner	480-325-4319	carlp@yp.net
Card 2 Mark Wallenburg		markw@yp.net
Card 3		
Card 4		
Card 5		

</TABLE>

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<TABLE>
<CAPTION>

POWER REQUIREMENTS

DC Requirements:

Rack / Cabinet #	# of Feeds	Single or Dual Feed	Amps Breakered / Fuse Size	Total
<S>	<C>	<C>	<C>	<C>
				0
				0
				0
				0
				0
				0
Total	0			0

</TABLE>

Customer is responsible for subsequent distribution of power within customer
cage or cabinet

<TABLE>

<CAPTION>

AC Requirements:

Rack / Cabinet #	UPS Yes or No	# of Circuits	Amps Breakered / Fuse Size	Receptacle Type/ NEMA	# Receptacles Single/Duplex/Quad	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	NO	1		standard		1
						0
						0
						0
						0
						0
						1
Total						1

</TABLE>

NEMA: National Electrical Manufacturers Association

Notes: Standard AC power is 120 volt single phase. Other voltages available on an ICB based on market. AC receptacles are provided above cabinets. Customer must provide own power strips if required. UPS is available on an ICB per site. Rack-mount UPS units are the responsibility of each customer. The minimum power provisioned is 20 Amps. Additional power is sold in 10 Amp increments, XO provides Bell Core Standard Grounding. XO provides Convenience AC Outlets fused @ 20 Amps (unprotected and not to power equipment)

BANDWIDTH/CROSSCONNECT REQUIREMENTS

Type and Number of Signal Terminations to be Cabled

Terminations to be cabled are those that are being requested to support the equipment listed on this application. An application requesting an augment must be submitted for additional terminations to be cabled. The following cables refer to the physical

<TABLE>

<CAPTION>

Incremental Forecast: (mandatory for initial and 1 year)

	Initial	60 days	6 months	Year	Year-end Total	Cabinet #	Intra-Building
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1 PR							
DS1							
DS3	1			1			
OC3							
OC12							
OC48							
10BaseT							N/A
100BaseT							N/A
Dark Fiber							N/A

**Year-end Total represents the sum of me circuits installed initially plus the Incremental circuits installed at 60 days, 6 months, and year end.

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Type of voice jack (Standard RJ-11 surface): n/a

INTRA-BUILDING CROSS CONNECT INFORMATION

*Please check with Local Market to confirm available carriers
 REQUESTED CARRIER: _____

Carrier on XO's list? [] YES [X] NO
 If NO, please provide Collocation Provider: XO Communications

Floor: _____
 Suite Number: _____

SPECIAL REQUIREMENTS

Stratum timing [] YES [] NO Quantity
 DS0
 DS1

Special Requirements: none

CUSTOMER'S VENDOR SELECTION

Installation Vendor: YP.net will install equipment themselves

Address: 4840 E. Jasmine St. Suite 105

Phone: 480-325-4319 Fax: _____

CUSTOMER EQUIPMENT DELIVERIES MUST BE SCHEDULED WITH XO ONE (1) WEEK IN ADVANCE.

XO(TM) WILL NOT ACCEPT AND DELIVERIES.

A Collocation License Agreement must be executed by the parties prior to or concurrently with a Collocation Schedule including all its Exhibits in order for this Request Form to be effective. This Request Form must be filled out with the customer and acc

**Both this Request Form and an applicable Collocation Schedule must be executed for each location.

FAILURE TO PROVIDE ALL REQUESTED INFORMATION AND ASSOCIATED DOCUMENTATION MAY RESULT IN DELAYS IN THE PROCESSING OF THIS REQUEST.

CUSTOMER SIGNATURE:

By: _____ Printed: _____
Title: _____ Date: _____

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EXHIBIT B
TO COLLOCATION SCHEDULE NO. 1 BETWEEN XO AND TELCO BILLING, INC.

TECHNICAL SERVICES

SERVICE DESCRIPTION

Customer may obtain the following XO Technical Services at XO Facilities:

1. Visual inspection of devices to assess equipment status (e.g. status lights, power lights, and cabling) and report of observations back to the Customer at request; and
2. Perform power reboots (or power re-cycles) of equipment where Customer provides written directions for the technician.

XO will provide the above two (2) Technical Services upon Customer request. Technical Services will be billed on an hourly basis. Charges for Technical Services will appear on each subsequent monthly invoice for which such Technical Services were ordered. Response times from XO to Customer regarding a Technical Service request is two (2) hours from receipt of request during standard XO business hours and four (4) hours during XO Off-Business hours (see pricing matrix below).

CUSTOMER EQUIPMENT INFORMATION

The Customer, prior to ordering Technical Service, must provide information specific to the Equipment, as XO technicians will require specific direction relating to the requested Technical Service. Customer will provide the following information to XO, via fax or email, prior to ordering Technical Services:

<TABLE> <CAPTION> <S>	<C>
If you lease cabinet(s): ----- -- Cabinet number(s) and location(s) within the XO Telco Collocation room * On a per cabinet basis: -- Description to Visio drawing including equipment housed per cabinet and location within each cabinet * Physical labels attached to major pieces of equipment to facilitate identification by XO Technicians	If you lease caged space: -- Cage number(s) and location(s) within the XO Telco Collocation room -- Cabinet or Rack number(s) and location(s) within the Telco Collocation cage -- On a per cabinet or rack basis: Description or Visio drawing including equipment housed per cabinet/rack and location within each cabinet/rack -- Physical labels attached to major pieces of equipment to facilitate identification by XO Technicians

</TABLE>
CUSTOMER ORDERING PROCEDURES

When placing a Technical Service request, Customer shall have the following information accessible to expedite the dispatch of the XO Technician:

- Your Company name
- Site requiring Technical Service (please include street address, suite number, zip code, and floor number, if appropriate)
- Particular service requested
 - Visual Inspection of devices to assess equipment status (e.g. status lights, power lights, and cabling) and report of observations back to the Customer
 - Perform power reboots (or power re-cycles) on equipment where customer provides written directions for the technician
- Your Technical Contact name and number available on a 24X7 basis
- Individual cage number(s) and/or cabinet/rack number(s) and location(s) within collocation room requiring service
- Equipment description (manufacturer name and serial number) and location within cabinet requiring service

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- * Specific directions to perform requested task
 - Location of critical buttons/switches/lights to be addressed during requested task

XO will require a Customer technician to be available at the time of the service call to provide real-time instruction if deemed necessary by the XO technician. XO maintains the right to refuse performing work on Equipment, based on the training and direction received from the Customer, regardless if the Technical Service requested falls within the scope of the two (2) Technical Services identified above.

TERM

This Exhibit B is co-terminus with Collocation Schedule No. 1. Accordingly, Technical Services will be provided for Customer at the site indicated above until expiration of the applicable Collocation Schedule.

LIMITATION OF LIABILITY FOR TECHNICAL SERVICES

WITH REGARDS TO THE TECHNICAL SERVICES PROVIDED HEREUNDER, IN NO EVENT SHALL XO BE LIABLE TO CUSTOMER OR TO CUSTOMER'S END USERS OR OTHER THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOST PROFITS, LOST GOODWILL, OR LOST BUSINESS, ARISING UNDER OR AS A RESULT OF THE TECHNICAL SERVICES PROVIDED BY XO HEREUNDER, EVEN IF XO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EVEN IF DUE TO XO'S OWN NEGLIGENCE. FURTHERMORE, IN NO EVENT WILL XO BE LIABLE TO CUSTOMER FOR ANY DIRECT DAMAGES ARISING OUT OF CUSTOMER'S USE OF THE PREMISES OR THE TECHNICAL SERVICES PROVIDED HEREUNDER, UNLESS SUCH DAMAGES ARE THE DIRECT RESULT OF XO'S WILLFUL MISCONDUCT. IN ANY EVENT, XO'S LIABILITY UNDER THIS EXHIBIT FOR TECHNICAL SERVICES SHALL NOT EXCEED THE TOTAL TECHNICAL SERVICE FEES PAID TO XO UNDER THIS EXHIBIT IN THE THREE (3) MONTHS PRIOR TO THE EVENT.

XO BUSINESS HOURS AND HOLIDAY SCHEDULE

- * Business Hours: Monday - Friday 8:00 a.m. to 5:00 p.m., except for XO Holidays (see table below).
- * Off-Business Hours: Monday - Friday 5:00 p.m. to 8:00 am, Saturdays, Sundays, and XO Holidays (see table below).

New Years Day	MLK Day	President's Day	Memorial Day
Independence Day	Labor Day	Thanksgiving Day	Day after Thanksgiving
Christmas Eve	Christmas Day		

PRICING

XO will provide Technical Services at the following rates*:

	PRICE/HOUR	MINIMUM
BUSINESS HOURS	\$ 95	2 hours
AFTER BUSINESS HOURS	\$ 110	4 hours

*All Technical Services are billed in one-hour increments. Services provided during XO business hours are tracked with a two-hour minimum. Services provided during XO off-business hours are tracked with a four-hour minimum. XO business hours are defined as Monday through Friday 8:00 a.m. to 5:00 p.m., except for XO holidays. XO off-business hours are defined as Monday through Friday 5:00 p.m. to 8:00 a.m., Saturdays, Sundays and XO holidays.

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COLLOCATION SCHEDULE NO. 2

This Collocation Schedule is made on this 1 day of October, 2003 and subject to

all definitions, terms and conditions of that certain Collocation License Agreement, dated 6-10-03 (the "Agreement") by and between Telecommunications of

Nevada, LLC, a Delaware limited liability company, doing business as XO Communications a Limited Liability Company, with an office at 2240 Corporate Circle, Suite 100, Henderson, Nevada 89014 ("XO"), and Telco Billing, Inc., a Nevada corporation, with an office at 806 Buchannon Blvd., Suite 250-115, Boulder City, Nevada 89005 ("Customer"). This Collocation Schedule also has the following Exhibits: The Floor Plan for the Equipment Space, identified as Exhibit A; and Technical Services, identified as Exhibit B. Capitalized terms used herein but not defined shall have the meanings as set forth in the Agreement.

- | | |
|---|---|
| 1. ADDRESS OF PREMISES
16563 NW 15th Ave.
Miami, FL 33169 | 2. SPACE ALLOCATION
One (1) cabinet |
| 3. MINIMUM TERM: Two (2) Years
REQUESTED SERVICE DATE: _____ | 4. RENEWAL PERIOD
(outline any renewal options offered)
_____ |

S. ACCESS TO PREMISES: (CHECK ONE) (1)

24 x 7 unescorted access is provided. Customer will receive 3 cards per site. Additional cards provided at \$50/card.

Escorted access is required. Applicable fees are set out in the Agreement.

6. MONTHLY RECURRING SERVICE FEES - BASE PRICING

<TABLE>
<CAPTION>
Occupancy Fees

	Monthly Recurring Charge	Nonrecurring Charge	Quantity	Total Monthly Recurring Charge
<S> Cage Option: price per square foot	<C> \$ 65.00	<C>	<C> N/A	<C> \$.00
Cabinet Option: price per cabinet including 20 amps AC power	\$ 600.00		1	\$600.00
Installation		\$ 2500.00	1	
Additional Power Fees				
	Price Per amp per month	Nonrecurring Charge	Quantity	Total Monthly Recurring Charge
DC Power: in 10 Amp increments	\$ 15.00		N/A	\$.00
120 Volt AC Power with UPS backup: in 10 Amp increments	\$ 16.00		N/A	\$.00
120 Volt AC Power without UPS backup; in 10 Amp increments	\$.00 (included w/ cabinet)		20	\$.00

</TABLE>

1 Most locations permit 24x7 unescorted access, but there are several XO buildings which do not permit 24x7 unescorted access (e.g., Sears Tower in Chicago).

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<TABLE>
<CAPTION>
Cross Connect Fees(2)

	To XO				
	Monthly Recurring Charge	Non- Recurring Charge	Quantity	Monthly Recurring Charges	Total Non- Recurring Total Recurring Charges
<S> DS1	<C> \$ 50.000	<C> \$ 200.00	<C> N/A	<C> \$.00	<C> \$.00
DS3	\$ 150.00	\$ 300.00	1	\$ 150.00	\$ 300.00
OC3	\$ 500.00	\$ 800.00	N/A	\$.00	\$.00
OC12	\$ 800.00	\$ 2000.00	N/A	\$.00	\$.00
OC48	\$ 2000.00	\$ 2500.00	N/A	\$.00	\$.00
Ethernet -10BaseT	\$ 100.00	\$ 200.00	N/A	\$.00	\$.00
Ethernet -100BaseT	\$ 600.00	\$ 1000.00	N/A	\$.00	\$.00
To Alternate Carrier (based on Revenue Commitment) (3)					
DS1	\$ 150.00	\$ 300.00	N/A		
DS3	\$ 450.00	\$ 1,000.00	N/A		
OC3	\$ 1,600.000	\$ 2,000.00	N/A		
OC12	\$ 3,000.00	\$ 5,000.00	N/A		
OC48	\$ 8,000.00	\$10,000.00	N/A		
Ethernet - 10BaseT	\$ 800.00	\$ 800.00	N/A		
Ethernet -100BaseT	\$ 1,000.00	\$ 1,500.00	N/A		
Infra-Building					
DS1	\$ 150.00	ICB	N/A		
DS3	\$ 450.00	ICB	N/A		

OC3	\$	1,600.00	ICB	N/A
OC12	\$	5,750.00	ICB	N/A
OC4S	\$	21,000.00	ICB	N/A

</TABLE>

In addition to the Base Monthly Recurring Occupancy Fees listed above, discounts are provided based on the volume of services billed by the Customer on the same account as the collocation site for each month and the Term agreed to for the site. The discount percentage may vary from month to month and will appear as a single line item on the Customer's invoice. The discount percentage applies only to the Monthly Recurring Charges for the Occupancy Fee, and does not apply to power, cross-connect, installation, or any other charges related to collocation service. The discount schedule is listed below:

Billed Revenue (per month)	Applicable Discount		
	1YR	2YR	3YR
0-\$25K	0%	0%	0%
\$25K-\$100K	4%	6%	8%
\$100K-\$300K	6%	8%	10%
\$300K AND ABOVE	8%	10%	12%

(2) Cross connects are provided in accordance with and subject to XO's Terms and Conditions as set out in the applicable service agreement.
(3) XO will forfeit its First Right of Refusal only if the Customer has been approved on an individual case basis by the XO Product Manager.

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Exhibit A to this Schedule depicts the work to be performed by XO to prepare the Equipment Space for Customer occupancy and use. By signing below, Customer acknowledges and agrees that it has read and it accepts all the terms and conditions in the Agreement referenced above, of which this Collocation Schedule is a part.

CUSTOMER: TELCO BILLING, INC.	XO
BY: /S/ CARL PUERSCHNER	BY: /S/ MICHAEL S. KRAFT
NAME: CARL PUERSCHNER	NAME: MICHAEL S. KRAFT
TITLE: DIT	TITLE: VP FINANCE
DATE: 6-10-2003	DATE: 6-19-2003

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EXHIBIT A
to Collocation Schedule No. 1 between XO and Telco Billing, Inc.

Insert Collocation Form depicting Requirements Currently in Microsoft Excel Format
Insert Floor Plan depicting space requirements and/or Equipment layout or diagram (if applicable)

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<TABLE>
<CAPTION>

XO(TM) Telco Collocation Request Form

EXHIBIT A
to Collocation Schedule No. 2

<S>	<C>	<C>	<C>
Submission Date:		**Please note Requested Delivery Date is not guaranteed	
REQUESTED DELIVERY DATE:		REP NAME:	Kevin Kossman/ Daryl Chavez
CUSTOMER NAME:	Telco Billing, Inc.	DESK PHONE:	602-324-6262
Address of Install:	16563 NW 15th Ave	CELL PHONE:	480-390-5903
	Miami, FL 33169	email:	kevin.t.kossman@xo.com
CUSTOMER CONTACT:	Carl Puerschner	TECHNICAL CONTACT:	Carl Puerschner
Address:	4840 E. Jasmine St. Suite 105	Address:	4840 E. Jasmine St. Suite 105
	Mesa, AZ 85205		Mesa, AZ 85205
Phone:	480-325-4319	Phone:	480-325-4319
Fax:	707-281-1985	Fax:	707-281-1985
Email:	carlp@yp.net	Email:	carlp@yp.net
24HR CONTACT:	Carl Puerschner	BILLING CONTACT:	Carl Puerschner
Address:	4840 E. Jasmine St. Suite 105	Address:	4840 E. Jasmine St. Suite 105
	Mesa, AZ 85205		Mesa, AZ 85205
Phone:	480-325-4319	Phone:	480-325-4319
Fax:	707-281-1985	Fax:	707-281-1985

Email: carlp@yp.net

Email: carlp@yp.net

PERIOD OF AGREEMENT: [] 1 Year [] 2 Years [X] 3 Years

ORDER TYPE: [] New Order [X] Add/Change
AGENT ORDER: [] Yes [] No

CAGED SPACE

SPACE REQUIREMENTS

CABINET(S)

Square feet required:
XO to provide cage layout & proposed rack layout for customer approval
Minimum cage size is 100 square feet
Racks cannot exceed a height of 84"
Please list all equipment to be installed by rack #

Quantity of Cabinets: 1 [X] XO Cabinet
Width of Equipment: [] Customer Cabinet
Depth of Equipment:
*XO does not provide shelves for any cabinets
If installing customer cabinet, please include cabinet dimensions
Customer cabinet cannot exceed depth of 36" and height of 84"
Please list all equipment to be installed by cabinet #

Rack #	Equipment	Dimensions (HXWXD)
Rack 1		
Rack 2		
Rack 3		
Rack 4		
Rack 5		
Rack 6		

***If quantity of racks exceeds 6, copy format and attach additional rack information.

Cabinet #	Equipment	Dimensions (HXWXD)
Cabinet 1		
Cabinet 2		
Cabinet 3		
Cabinet 4		
Cabinet 5		
Cabinet 6		

***If quantity of cabinets exceeds 6, copy format and attach additional cabinet information.

Required Key Cards

Note: 3 supplied at no charge. Additional key cards can be supplied at \$50 charge per additional key card.

Card #	Name	Phone	email
Card 1	Carl Puerschner	480-325-4319	carlp@yp.net
Card 2	Mark Wallenburg		markw@yp.net
Card 3			
Card 4			
Card 5			

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<TABLE>
<CAPTION>

POWER REQUIREMENTS

DC Requirements:

Rack / Cabinet #	# of Feeds	Single or Dual Feed	Amps Breakered / Fuse Size	Total
<S>	<C>	<C>	<C>	<C>
				0
				0
				0
				0
				0
				0
Total	0			0

Customer is responsible for subsequent distribution of power within customer cage or cabinet

<TABLE>
<CAPTION>

AC Requirements:

Rack / Cabinet #	UPS Yes or No	# of Circuits	Amps Breakered / Fuse Size	Receptacle Type/ NEMA	# Receptacles Single/Duplex/Quad	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	NO	1		standard		1
						0
						0
						0
						0
						0
Total		1				1

NEMA: National Electrical Manufacturers Association
Notes: Standard AC power is 120 volt single phase. Other voltages available on an ICB based on market. AC receptacles are provided above cabinets. Customer must provide own power strips if required. UPS is available on an ICB per site. Rack-mount UPS units are the responsibility of each customer. The minimum power provisioned is 20 Amps. Additional power is sold in 10 Amp increments, XO provides Bell Core Standard Grounding. XO provides Convenience AC Outlets fused @ 20 Amps (unprotected and not to power equipment)

BANDWIDTH/CROSSCONNECT REQUIREMENTS

Type and Number of Signal Terminations to be Cabled

Terminations to be cabled are those that are being requested to support the equipment listed on this application. An application requesting an augment must be submitted for additional terminations to be cabled. The following cables refer to the physical

<TABLE>
<CAPTION>

Incremental Forecast: (mandatory for initial and 1 year)						
	Year-end			Intra-		
Initial	60 days	6 months	Year	Total	Cabinet #	Building

<S>	<C>	<C>	<C>	<C>	<C>	<C>
1 PR						
DS1						
DS3	1		1			
OC3						
OC12						
OC48						
10BaseT						N/A
100BaseT						N/A
Dark Fiber						N/A

**Year-end Total represents the sum of me circuits installed initially plus the Incremental circuits installed at 60 days, 6 months, and year end.

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Type of voice jack (Standard RJ-11 surface): n/a

INTRA-BUILDING CROSS CONNECT INFORMATION

*Please check with Local Market to confirm available carriers

REQUESTED CARRIER: _____

Carrier on XO's list? [] YES [X] NO

If NO, please provide Collocation Provider: XO Communications

Floor: _____

Suite Number: _____

SPECIAL REQUIREMENTS

Stratum timing [] YES [] NO Quantity
DS0
DS1

Special Requirements: none

CUSTOMER'S VENDOR SELECTION

Installation Vendor: YP.net will install equipment themselves

Address: 4840 E. Jasmine St. Suite 105

Phone: 480-325-4319 Fax: _____

CUSTOMER EQUIPMENT DELIVERIES MUST BE SCHEDULED WITH XO ONE (1) WEEK IN ADVANCE.

XO(TM) WILL NOT ACCEPT AND DELIVERIES.

A Collocation License Agreement must be executed by the parties prior to or concurrently with a Collocation Schedule including all its Exhibits in order for this Request Form to be effective. This Request Form must be filled out with the customer and acc

**Both this Request Form and an applicable Collocation Schedule must be executed for each location.

FAILURE TO PROVIDE ALL REQUESTED INFORMATION AND ASSOCIATED DOCUMENTATION MAY RESULT IN DELAYS IN THE PROCESSING OF THIS REQUEST.

CUSTOMER SIGNATURE:

By: _____ Printed: _____
Title: _____ Date: _____

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EXHIBIT B
TO COLLOCATION SCHEDULE NO. 2 BETWEEN XO AND TELCO BILLING, INC.

TECHNICAL SERVICES

SERVICE DESCRIPTION

Customer may obtain the following XO Technical Services at XO Facilities:

1. Visual inspection of devices to assess equipment status (e.g. status lights, power lights, and cabling) and report of observations back to the Customer at request; and

2. Perform power reboots (or power re-cycles) of equipment where Customer provides written directions for the technician,

XO will provide the above two (2) Technical Services upon Customer request. Technical Services will be billed on an hourly basis. Charges for Technical Services will appear on each subsequent monthly invoice for which such Technical Services were ordered. Response times from XO to Customer regarding a Technical Service request is two (2) hours from receipt of request during standard XO business hours and four (4) hours during XO Off-Business hours (see pricing matrix below).

CUSTOMER EQUIPMENT INFORMATION

The Customer, prior to ordering Technical Service, must provide information specific to the Equipment, as XO technicians will require specific direction relating to the requested Technical Service. Customer will provide the following information to XO, via fax or email, prior to ordering Technical Services:

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CUSTOMER ORDERING PROCEDURES

When placing a Technical Service request, Customer shall have the following information accessible 10 expedite the dispatch of the XO Technician:

- - Your Company name
- - Site requiring Technical Service (please include street address, suite number, zip code, and floor number, if appropriate)
- - Particular service requested
 - Visual Inspection of devices to assess equipment status (e.g. status lights, power lights, and cabling) and report of observations back to the Customer
 - Perform power reboots (or power re-cycles) on equipment where customer provides written directions for the technician
- - Your Technical Contact name and number available on a 24X7 basis
- - Individual cage number(s) and/or cabinet/rack number(s) and location(s) within collocation room requiring service
- - Equipment description (manufacturer name and serial number) and location within cabinet requiring service

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- - Specific directions to perform requested task
 - Location of critical buttons/switches/lights to be addressed during requested task

XO will require a Customer technician to be available at the time of the service call to provide real-time instruction if deemed necessary by the XO technician. XO maintains the right to refuse performing work on Equipment, based on the training and direction received from the Customer, regardless if the Technical Service requested falls within the scope of the two (2) Technical Services identified above.

TERM

This Exhibit B is co-terminus with Collocation Schedule No. 1. Accordingly, Technical Services will be provided for Customer at the site indicated above until expiration of the applicable Collocation Schedule.

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WITH REGARDS TO THE TECHNICAL SERVICES PROVIDED HEREUNDER, IN NO EVENT SHALL XO BE LIABLE TO CUSTOMER OR TO CUSTOMER'S END USERS OR OTHER THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOST PROFITS, LOST GOODWILL, OR LOST BUSINESS, ARISING UNDER OR AS A RESULT OF THE TECHNICAL SERVICES PROVIDED BY XO HEREUNDER, EVEN IF XO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EVEN IF DUE TO XO'S OWN NEGLIGENCE. FURTHERMORE, IN NO EVENT WILL XO BE LIABLE TO CUSTOMER FOR ANY DIRECT DAMAGES ARISING OUT OF CUSTOMER'S USE OF THE PREMISES OR THE TECHNICAL SERVICES PROVIDED HEREUNDER, UNLESS SUCH DAMAGES ARE THE DIRECT RESULT OF XO'S WILLFUL MISCONDUCT. IN ANY EVENT, XO'S LIABILITY UNDER THIS EXHIBIT FOR TECHNICAL SERVICES SHALL NOT EXCEED THE TOTAL TECHNICAL SERVICE FEES PAID TO XO UNDER THIS EXHIBIT IN THE THREE (3) MONTHS PRIOR TO THE EVENT.

XO BUSINESS HOURS AND HOLIDAY SCHEDULE

- * Business Hours: Monday - Friday 8:00 a.m. to 5:00 p.m., except for XO Holidays (see table below).
- * Off-Business Hours: Monday - Friday 5:00 p.m. to 8:00 am, Saturdays,

Sundays, and XO Holidays (see table below).

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Independence Day	Labor Day	Thanksgiving Day	Day after Thanksgiving
Christmas Eve	Christmas Day		

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XO will provide Technical Services at the following rates*:

	PRICE/HOUR	MINIMUM
BUSINESS HOURS	\$ 95	2 hours
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*All Technical Services are billed in one-hour increments. Services provided during XO business hours are tracked with a two-hour minimum. Services provided during XO off-business hours are tracked with a four-hour minimum. XO business hours are defined as Monday through Friday 8:00 a.m. to 5:00 p.m., except for XO holidays. XO off-business hours are defined as Monday through Friday 5:00 p.m. to 8:00 a.m., Saturdays, Sundays and XO holidays.

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EXECUTIVE CONSULTING AGREEMENT

This Agreement made effective as of, May 1, 2003, by and between YP.Net, Inc. of 4840 East Jasmine Street, suite 105, Mesa, Arizona 85205 ("YPNT"), as the party to receive services and Mar & Associates, Inc. of 4840 E. Jasmine Street, Suite 110, Arizona 85205 ("Company") as the party who shall be providing the services.

WHEREAS Company has a background in Accounting and Finance, Business Management, Investment Banking, and Business Consulting as well as experience with publicly traded companies and is willing to provide services to YPNT and YPNT desires to have the services provided by Company and;

WHEREAS Company in the person of David J. lannini has provided services for YPNT after the departure of the former Chief Financial Officer and has successfully implemented systematic internal controls and improved YPNT's public reporting, and;

THEREFORE it is agreed that this contract shall supercede all prior agreements between the parties and shall become effective on May 1, 2003 which will have culminated by the recommendation of the Compensation Committee of YPNT. It is further agreed by the parties that;

1. Description of Services. Company will continue to make available its ----- current services as well as the new ones listed below;

- a. The services of an officer on YPNT. Specifically providing the services of a Chief Financial Officer, initially in the person of David lannini.
- b. Such other services or employees as YPNT and Company may desire in the future to provide,
- c. In the event that YPNT determines that another individual should serve in one or more of those positions it is fully a liberty to do so at its own cost. It is clearly understood that the services the Company provides herein are valuable to YPNT no matter the titles the employees of Company are asked to take while providing the

Executive Consulting Agreement
Mar & Associates/YP.Net, Inc.
September 20th, 2002
Page 1 of 9

services to YPNT. In the case where another is named to any of the titles herein above that Company would continue to provide consulting services on an as needed basis in order to fulfill its obligations hereunder.

- d. The employees herein shall be employees of Company and not of YPNT but shall be able to hold themselves out as Employees of YPNT by the use of their respective titles, and in the course of their duties with respect to the signing of contracts, etc.
 - i. The Company duties shall be to maintain the books and financial records of YPNT and all public reporting, investor relations, interaction with auditors, hiring and training of book keeping and accounting staff and other duties normally required or expected of a Chief Financial Officer of a publicly traded Company.
- e. This is not an employment contract of David lannini or any other employee of Company and the money paid under this contract is payable to Company and is earned by the Company not by David lannini or any of the other employees of Company, who merely work for the Company.
- f. Interact with shareholders, lenders, board members, and the investment community at large.
- g. Help write and approve all public communications of YPNT to enhance YPNT's corporate image and Brand.
- h. Such other tasks as the Board of YPNT may reasonably require of Company or its employees.

2. Performance of Services. Company shall determine the manner in which

Services are to be performed and the specific hours to be worked by Company or its employees. YPNT will rely upon Company to work as many hours as may be reasonably needed to fulfill Company's obligations under this Agreement. YPNT specifically acknowledges that Company has other clients and that each of the Company's employees will work on projects both related to and unrelated to YPNT,

3. Payment. YPNT shall pay fees and other compensation to Company for Services

under this contract according to the following schedule;

- a. Monthly fees of \$17,500.00 per month in year one with a 10% increase in each succeeding year, This fee shall be payable monthly, no later than the first day of each month preceding the period during which the Services are to be performed. Services are deemed earned at the moment they are due. Company will not be required to send an invoice for services. The base figure above will be initially grossed up for the current amount that YPNT has been paying for Benefits for David J. Iannini. The Company will be able contract with YPNT's

Executive Consulting Agreement
Mar & Associates/YP.Net, Inc.
September 20th, 2002
Page 2 of 9

- b. carrier or Employee Leasing Company to pay for those services itself
Company shall also be provided with a 1 Cell Phone allowance and 1 Pager for its employee performing services for YPNT.

- c. Company can allocate this monthly payment in any manner it instructs YPNT to pay it and to whomever it so designates. It may be used to pay for automobiles in YPNT's name, medical expenses or insurance, mobile phone, etc so long as the aggregate does not exceed the amounts above.

Employee(s) of Company shall be offered participation in any stock option plan approved by the Board of Directors of YPNT that are offered to other executives and employees, whether key or not during the term of this agreement. Any options and or stock obtained pursuant to this plan shall also be held as collateral under the terms of the line of credit above.

4. Expense Reimbursement. Company shall be entitled to reimbursement from

YPNT for all "out of pocket" expenses relating to providing the services to YPNT described herein.

5. Stock Compensation. In order to more clearly align the efforts of Company

with the Shareholders of YPNT and to reward the Company for its superior past performance on behalf of YPNT's shareholders the Board of Directors of YPNT deems it prudent to award 250,000 shares of its Common stock to Company for services performed from August 19, 2002 through December 30, 2002 (this is in addition, to the 50,000 shares already issued to David Iannini also relating to that time period). This 250,000 share award was previously authorized by the Board and is just being included herein by reference. That Stock is currently valued (as traded on the OTC Electronic Bulletin Board on Friday January 1st, 2003) at 6 cents per share. The accounting for such compensation shall be in accordance with Generally Accepted Accounting Principles and as required by the SEC, YPNT further acknowledges that it will pay any Federal or State Incomes taxes that the Company may have to pay on this stock award as they may come due to the Company. This stock shall be so encumbered as part of the flex compensation below and as part of the customer acquisition requirement. If YPNT's customer count does not exceed 225,000 customers within 12 months from January 1, 2003 then the stock is subject to forfeiture on a prorata basis on the customer count actually obtained. For example; if there were 202,500 customer that would be 90% of Goal. So 10% of the stock would be forfeited back to YPNT..

6. Guarantee of YPNT obligations. As an accommodation to YPNT the Company or

any of its employees may elect to provide personal or corporate guarantees

for any indebtedness incurred by YPNT. If they so chose to do so by signing below YPNT hereby indemnifies those Employees of the Company or the Company itself for any loss, claim, or

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damages suffered by the Company or its employees by way of this guarantee(s).

7. Signing of Documents. As a further accommodation to YPNT the employees of

the Company agree to execute documents, SEC Filings, and or to be authorized signers on YPNT's Bank or Financial Accounts as needed. By signing below YPNT hereby agrees to indemnify the Company and its Employees or Agents for any actions they may take on behalf of YPNT or any damages they may sustain for this accommodation.

8. Bonus By order of the Board of Directors and as a condition of executing

this contract a bonuses will be in the amount of \$15,000 on September 30, 2003 and \$ 21,000 on September 30, 2004 and 10% of annual salary for each Fiscal year thereafter for the term of this contract Further YPMT shall bonus to Company any Federal and/or State Income taxes that may be due by the Company for this bonus when Company files it's income tax forms.

9. Flex Compensation. YPNT shall make available to the Company additional

income, which shall be called "Flex-Compensation", The maximum amount that can be immediately drawn upon shall be \$15,000,00 (as a base in each fiscal year), except as modified below. However that base shall increase by 10% on each 12-month anniversary thereafter during the term of this contract.

This Flex Compensation is a part and parcel of the Compensation to be paid to the Company by YPNT, However as part of the mutual accommodations between the parties Company agrees not to take all of the Compensation at one time but that in any event the Company is the final arbiter of when and if YPNT is capable of paying the bonus at that time.

Sine it is assumed that the entire amount shall be taken in each fiscal year so for accounting purposes the Accountants shall accrue as an expense, in the case of YPNT and as income, in the case of Company 1/12th of the total amount available on a monthly basis or the amount actually taken; whichever is greater.

YPNT is making this Flex Compensation available to the Company as a way to induce the Company to continue to perform services for the entire term of the contract. To insure that the Company does not take the Flex Compensation at the beginning of the term and then resign the Company hereby grants to YPNT a first position lien right on all of the stock granted by the YPNT to either the Company or David lannini,. If the Company takes the Flex Compensation, and resigns it has the choice of either

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returning the unused flex compensation for that fiscal year and retaining the stock or returning the stock to the company. The Company and David lannini would not be allowed to sell, assign or further transfer this stock without the permission of the Company, which permission shall not be unreasonable withheld. However, because of the valuable nature of these Services, YPNT would be obligated to take title of these shares in the event of a valid enforceable lien or judgment against Company that would encumber these shares and by signing below Company warrants that it would not interfere. By signing below the Company and David lannini agree that a Security Agreement will be created to evidence this lien.

10. Support Services. YPNT will provide the following support services for the

benefit of Company; office space (1 office, with the furniture currently inside) and office supplies, 1 telephone, one computer, and personnel to answer one Company telephone number. In the event of termination of this agreement then YPNT will if requested by Company assign the lease for the offices to the Company. Said monthly lease if assigned cannot exceed \$350.00 per month till the end of the term of this agreement. Any amount above \$350.00 per month would still be the responsibility of YPNT, The equipment would be turned over to Company by the payment within 45 days of cancellation in the amount of \$1,000.00 in year one, \$500.00 in years two through 5,

11. Termination. This agreement shall continue until December 31, 2007

whereupon it shall automatically renew for another similar period unless either party notifies the other of its intent not to renew 30 days prior to the renewal date at the address provided for herein for notices.

Company may terminate this agreement at anytime by providing YPNT with a 30-day termination notice, with no penalty to either party. In the event of a termination by Company, then Company shall have the option of paying back the line of credit (if applicable), together with interest on a 3-year amortization schedule or surrendering the collateral as full payment therein.

In the Event of a termination by YPNT for malfeasance, theft or embezzlement in regards to YPNT and while Company is providing services to YPNT and where such malfeasance, theft or embezzlement is proven in a competent court of law to have directly damaged YPNT then Company shall be entitled to a termination fee of not less than 6 months fees, if termination is so elected by YPNT.

In the Event of a termination by YPNT for any reason other those listed above than Company shall be entitled to a termination fee equal to the 30 % of the balance of the contract but in any case not less than 12 months

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fees plus the release of the stock collateral given in number 9 above regarding the flex compensation.

12. Due on Sale Clause. In the event that there is a change in control of YPNT

as defined by the United States Securities and Exchange Commission or the Internal Revenue Services of the United States of YPNT of the company now known as YPNT, Telco Billing or the majority to YPNT's assets are sold then 30% of the balance of this contract or 12 months worth of fees, whichever is greater becomes immediately due and payable by YPNT to Company. Further that all debts by Company to YPNT would be forgiven and any liability by YPNT to Company for any tax payments due Company for previous grants hereunder are also due.

Relationship of the Parties. It is understood that Company is an independent

contractor with respect to YPNT and that it will be providing services of similar kind to others. YPNT will not provide fringe benefits, including health insurance benefits, paid vacation or other employee benefits for the benefit of Company except as paid by Company as provided herein.

14. Employees. Company's employees, if any, who perform services for YPNT under

this agreement shall also be bound by the provisions of this Agreement. At the request of YPNT, Company shall provide adequate evidence that such persons are Company's employees, members of agents.

15. Injuries. Company acknowledges Company's obligation to obtain appropriate

insurance coverage for the benefit of Company (and Company's employees, if any). Company waives any rights to recovery from YPNT for any injuries that Company (and/or Company's employees) may sustain while performing services under this Agreement and that are the result of negligence of Company or Company's

employees.

13. Return of Records. Upon termination of this Agreement, Company shall

deliver all records, notes, data, memoranda, models and equipment of any nature that are in Company's possession or under Company's control that are YPNT's [property or relate to YPNT's business except as retained by other similar hired or employed Directors or Officers of YPNT.

Officers and Directors Insurance and Indemnification. YPNT shall maintain

officers and directors insurance in amounts deemed necessary by Company and the Directors of YPNT (in no event shall said insurance be less than \$2.5 million dollars in face amount) such that YPNT will indemnify Company and its officers, agents and employees against any and all 3rd party claims made against Company as more fully identified in YPNT's Bylaws and Articles of Incorporation, attached hereto and made part of this agreement herein by reference.

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14. Default. In the event of a Default by YPNT for non-payment or and other

breach of this agreement then YPNT shall pay a Default fee of \$50.00 per day for each day until cured. If after 15 days YPNT has still not cured its default the entire balance of the contract shall become due and payable including any termination penalties. Company shall have the right to sue YPNT for damages and to recover all attorney's fees.

In the event of a default by Company, YPNT shall notify Company in writing of the nature of the default and Company shall have 15 days to cure said default. Failure to cure the default shall be grounds for the termination of the agreement and the 6-month termination penalty described herein. All other clauses of termination remain in effect, YPNT shall have the right to sue Company for damages and to recover all attorney's fees.

It is expressly understood that in the event of a death, disability or by some other reason that David Iannini or any other individual then currently providing services to YPNT becomes unable or unwilling to provide services it does not void this contract. Company shall have up to four months to replace the person performing those services. In the event that Company is unable or unwilling to replace those services then YPNT can cancel the contract by releasing the lien on collateral and is not entitled to the return of the flex compensation and by paying a 12 month cancellation fee equal to 12 months fees,

15. Notices: All notices required or permitted under this agreement shall be in

writing and shall be deemed delivered when addressed in person and mailed certified mail return receipt requested in the United States Mail and addressed as follows (or to such future addresses that each party shall inform the other in writing during the term of this agreement):

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If to YPNT:

YP. Net, Inc.
Angelo Tullo
President
4840 E. Jasmine Street Suite 105
Mesa. Arizona 85205

If to Company:

Mar & Associates, Inc.
David Iannini.
President
4840 E. Jasmine Street Suite 110

- 16. Entire Agreement. This Agreement contains the entire agreement of the

parties and there are no other promises or conditions in any other agreement whether oral or written. This agreement supersedes any prior written or oral agreements between the parties.
- 17. Confidentiality and non-compete. The employees of Company agree to be bound

by the confidentiality and non-compete provisions contained in YPNT's Team member handbook as they may be amended from time to time and as signed by the employees of Company actually providing services to YPNT.
- 18. Amendment. This agreement may be modified or amended if the amendment is

made in writing and is signed by both parties,
- 19. Severability. If any provision of this Agreement shall be held to be

invalid or unenforceable or any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable but that by limiting such provision it

would become valid and enforceable, that such provision shall be deemed to be written, construed and enforced as so limited.
- 20. Waiver, of Contractual Right. The failure of either party to enforce any

provision of this agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.
- 21. Applicable Law. The laws of the State of Arizona shall govern this

agreement.

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By signing below we warrant and represent to each other that we have the respective authorities from our respective Corporations to execute this document and acknowledge that the other is relying upon those warranties and representations. Further by signing below we acknowledge and agree that our respective Corporations are hereby irrevocably bound by the agreements herein;

Party receiving Services:
 YP. Net, Inc.

By: /s/ Angelo Tullo

 Angelo Tullo President

Party providing Services:
 Mar & Associates, Inc.

By: /s/ David lannini

 David lannini President

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PRIVATE LABEL WEB SITE AND CROSS PROMOTION AGREEMENT

This PRIVATE LABEL WEB SITE AND CROSS PROMOTION AGREEMENT ("Agreement"), by and between YP.Net, Inc, a Nevada corporation, with a principal place of business located at 4340 East Jasmine Street, STE 105, Mesa, AZ 35205 ("YP.NET"), and Community IQ, Inc., d.b.a. as Vista.com, a Washington corporation with a principal place of business located at 11241 Willows Road, Suite 100 Building C, Redmond, WA 98052 ("VISTA.COM"), is effective as of Sept. 18, 2001 (the "EFFECTIVE DATE").

RECITALS

WHEREAS, Vista.com owns and operates an internet-based Web Site creation and hosting service currently known as "Vista.com," with a Home Page currently located at http://www.Vista, which develops and hosts personalized websites for small business owners ("Vista, corn's Web Site").

WHEREAS, YP.Net owns and operates a Web Site currently known as "YP.Net and Yellow-Page.Net," with a Home Page currently located at http://www.YP.Net and -----
Yellow-Page.Net, which provides the tools and media that allow businesses the ability to contribute Intelligent Intuitive Information to the online information marketplace.

WHEREAS, the parties desire that Vista.com develop, host, and maintain a private label service to allow YP.Net to resell Vista.com's Services to small business owners and to other web site operators for resale to their small business owners. Also, the parties desire to cross promote and sell the service offerings of both Vista.com and YP.Net through the vista.com Network.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties hereby agree as follows:

AGREEMENT

1. DEFINITIONS

"BRAND FEATURES" means any trademarks, service marks, logos, trade names or other identifying names or marks, which are proprietary to a party and which are used by that party to identify its business, products and/or services.

"CONFIDENTIAL INFORMATION" means any information, oral or written, disclosed by either party to the other pursuant to this Agreement except as excluded below. "Confidential Information" includes, without limitation, the terms and conditions of this Agreement, registration information, security measures, information relating to released or unreleased services, marketing or promotion of any service or product, business policies or practices, suppliers, customer base, customer information, YP Net Materials or information received from others that a party is obligated to treat as confidential. "Confidential Information" will not include information that: (i) is or becomes generally known or available by publication, commercial use or otherwise through no fault of the receiving party; (ii) is known and has been reduced to tangible form by the receiving party at the time of disclosure and is not subject to restriction; (iii) is independently and rightfully developed or learned by the receiving party; (iv) is lawfully obtained from a third party that has the right to make such disclosure; or (v) is made generally available by the disclosing party without restriction on disclosure. This paragraph supersedes any other provision in this agreement.

"YP.NET BRAND FEATURES" means any trademarks, service marks, logos, trade names or other identifying names or marks, which are proprietary to YP.Net and which are used to identify its business, products and/or services.

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"YP.NET MATERIALS" means any information and materials provided by YP.Net to Vista.com under this Agreement

"YP.NET PRIVATE LABEL SERVICE" means a Private Label Service offered

by YP.Net to SBOs and to YP.Net Tier 2 Associates (for resale to their SBOs), which allows SBOs to create and maintain their own web sites.

"YP.NET SBO" means a small business owner or other end user to whom YP.Net sells the YP.Net Private Label Service pursuant to this Agreement.

"YP.NET TIER 2 ASSOCIATE" means a Tier 2 Associate to whom YP.Net sells Private Label Services for resale to the Associate's SBOs.

"GROSS REVENUES" means the fees or other sums collected by Vista.com from the sale of YP.Net Private Label Services pursuant to this Agreement, without deduction for Transaction Fees and applicable taxes.

"HOME PAGE" means the initial Web Page of a Web Site seen by a user once the user has directed web browsing technology to access the Web Site's URL.

"LINK" means an embedded icon, object, graphic or text within a Web Page that consists of a hypertext pointer to the URL address of a Web Page.

"NET REVENUES" means Gross Revenues collected by Vista.com from the sale of YP.Net Private Label Services pursuant to this Agreement after the deduction of Transaction Fees and applicable taxes.

"PARTNERS" means all Tier 1 Partners and Tier 2 Associates.

"PARTNER SERVICES" means the services offered by any Partners via the Vista.com Network, but excluding any services provided by Vista.com.

"PRIVATE LABEL SERVICE" means the web services offered by any Partners to SBOs through the Vista.com Network, which allow the SBOs to create and maintain their own web sites and which consist of (i) Vista.com Basic Services, "SBOs" means those small business owners or other end users of any Private Label Service. "SERVICES" means the Vista.com Basic Services.

"SPECIFICATIONS" means the content and technical specifications for the YP.Net Private Label Service attached hereto as Exhibit A. as such may be amended by mutual agreement of the parties from time to time.

"TIER 1 PARTNER" means the operator of a web site, to whom Vista.com has granted the right to offer a Private Label Service directly to SBOs and to Tier 2 Associates. YP.Net is a Tier 1 Partner.

"TIER 2 ASSOCIATE" means the operator of a web site, to whom a Tier 1 Partner has granted the right to offer a Private Label Service to that website operator's own SBOs. However, a Tier 2 Associate cannot sell Services to either a Tier 1 Partner or other Tier 2 Associate.

"TRANSACTION FEE" means the actual amount of the credit card processing fee charged to Vista.com at the time of processing of any order placed through the Vista.com Network.

"MONTHLY SERVICE FEE" means the monthly cost of Vista.com's Basic Services to YP.Net.

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"USER INFORMATION" means both Aggregate Information and Personal Information pertaining to an SBO. "Aggregate Information" means information that describes the habits, usage patterns and/or demographics of SBOs as a group but does not identify any individual SBO by name nor provide information in a form which would enable the recipient of that information to identify the SBO. "Personal Information" means information about and which identifies an individual SBO and which may include without limitation the SBO's (i) name, (ii) address, and (iii) data about a specific transaction that identifies the SBO involved,

"VISTA.COM BASIC SERVICES" means the web site development and hosting services as changed from time to time and offered on the Vista.com Web Site, which includes all services listed in Exhibit B.

"VISTA.COM CONTENT" means any articles or other editorial content provided by Vista.com under this Agreement and taken from the Vista.com Network.

"VISTA.COM NETWORK" means Vista.com's Web Site, private label Web Sites, and any other Web Sites that provide Services to SBOs.

"VISTA.COM SERVICES" means those services offered by Vista.com and consisting of the Vista.com Basic Services.

"WEB PAGE" means content in the World Wide Web portion of the Internet accessed via a single URL, and excluding content on other Web Pages accessed via Links in said content.

"WEB SITE" means a collection of Web Pages related in some manner and interconnected via Links, including all successor versions thereof that may evolve throughout the Term of this Agreement, regardless of whether or not marketed or promoted under the same name.

Other Terms. All other initially capitalized terms will have the meanings assigned to them in this Agreement, including its Exhibits.

2. YP.NET PRIVATE LABEL SERVICE.

2.1 DEVELOPMENT AND MAINTENANCE. Vista.com will develop, operate, maintain, and host the YP.Net Private Label Service in accordance with this Section 2 and the Specifications, TheYP.Net Private Label Service will provide YP.Net's Tier 2 Associates and SBOs access to (i) the Vista.com Basic Services.

2.2 LAUNCH. The parties will cooperate in good faith to make the YP.Net Private Label Service available to YP.Net SBOs according to the schedule as set forth in the Specifications (the "Launch Date").

2.3 VISTA.COM BRANDING. The YP.Net Private Label Service will be branded with a "Fueled by Vista.com" logo as more specifically described in Exhibit A, which branding may be subject to periodic changes upon prior written notice by Vista.com to YP.Net, and written approval by YP.Net.

2.4 DOMAIN NAME. YP.Net will be solely responsible for registering and maintaining as a domain name the URL, at which the YP.Net Private Label Service will be located and which the parties anticipate will be substantially similar to <http://www.SBO.YP.Net>. Any changes to that registered domain name during the Term shall be subject to agreement by the parties, YP.Net and Vista.com will each receive full Media Metrix traffic credit for the YP.Net Private Label Service.

2.5 YP.NET BRAND FEATURES. YP.Net will provide Vista.com with such YP.Net Brand Features as it determines in its sole discretion and any navigational elements associated with each, as necessary to permit Vista.com to create the YP.Net Private Label Service and to comply with its obligations under this Agreement. YP.Net will provide Vista.com with the YP.Net Brand Features in an electronic format as reasonably requested by Vista.com, Vista.com will provide the content necessary to

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integrate the Vista.com Basic Services into the YP.Net Private Label Service. Notwithstanding the obligations set forth in this Section, neither party will be obligated to provide to the other party any content or services or include any content or services in the YP.Net Private Label Service or for any other Web Site, if doing so would put such party in breach of an existing contractual obligation.

2.6 RESPONSIBILITY FOR THE YP.NET PRIVATE LABEL SERVICE. As between Vista.com and YP.Net, and except as expressly provided otherwise in this Agreement or in any related support services agreement, Vista.com will develop, operate, maintain and host the YP.Net Private Label Service and all content contained therein, excluding user registration as provided under Section 2.7. TheYP.Net Private Label Service will be maintained and operated by Vista.com in accordance with the membership terms of service attached hereto as Exhibit C (the "Membership Terms of Service"): which shall at all times be substantially similar to the then-current membership agreement on the Vista.com Web Site, YP.Net may modify these terms at their sole discretion.

2.7 USER REGISTRATION. During the Term commencing with the Launch Date, YP.Net will be responsible for registering users of the YP.Net Private Label Service on YP.Net's Web Site. Such registration process will require users to consent to the Membership Terms of Service, and YP.Net will ensure that any user

who does not consent to the Membership Terms of Service may not create a personalized web site through the YP.Net Private Label Service. In addition, YP.Net will make efforts to ensure that the registration process for the YP.Net Private Label Service requires verification that the user is over the age of eighteen (18) and prohibits users under the age of eighteen (18) from creating a personalized Web Site through that Private Label Service.

2.8 PARTNER SUPPORT. Vista.com will support YP.Net, as set forth in Exhibit E. Additionally, Vista shall provide Private Label Customer support as part of Vista's Basic Service, with services delivered through a 900-support line. If the 900-support volume does not cover the ongoing cost of the 900 line, then Vista.com may choose to discontinue, this method of support to YP.Net customers.

2.9 USER INFORMATION. Vista.com and YP.Net will jointly own any and all User Information collected by either party from YP.Net SBOs ("YP.Net Private Label Service User Information"). YP.Net Private Label Service User Information will be collected, disclosed, or used by the parties only in accordance with the privacy policy for the YP.Net Private Label Service to be mutually agreed upon by the parties and attached hereto as Exhibit D (the "Privacy Policy") and in accordance with all applicable laws. After the Launch Date, Vista.com will provide YP.Net Private Label Service User Information to YP.Net on a monthly basis via an online reporting service. YP.Net may modify this policy at their sole discretion.

3. VISTA.COM NETWORK OFFERINGS.

3.1 YP.NET'S SALES OF SERVICE: As a reseller of Vista.com Services, YP.Net may sell the Vista.com Basic Service to YP.Net SBOs via the YP.Net Private Label Service. YP.Net will have sole discretion to set and determine the price at which it sells Services to YP.Net SBOs.

3.2 TIER 2 ASSOCIATES SIGN-UP. YP.Net may sell the Private Label Services to Tier 2 Associates. Tier 2 Associates may sell to its own SBOs the Vista.com Basic Services. The Private Label Service that YP.Net may sell to Tier 2 Associates will be primarily branded with the branding of the Tier 2 Associate and will include a "Fueled by Vista.com" logo. Such Private Label Service will be hosted and maintained by Vista, com at a URL owned by such Tier 2 Associate. YP.Net will have sole discretion to set and determine the price at which it sells the Private Label Service to Tier 2 Associates and the Tier 2 Associate will have sole discretion at which it sells the Private Label Service to SBOs. Vista.com shall charge YP.Net a setup fee in the amount of one thousand dollars (\$1,000) for each YP.Net Tier 2 Associates who signs up for the Private Label Service.

4. MARKETING. During the Term, YP.Net will use commercially reasonable efforts to promote and market the YP.Net Private Label Service. Throughout the Term, the parties will use commercially

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reasonable efforts to meet periodically and create collaborative business development strategies to market and promote the YP.Net Private Label Service and the Services, Those marketing efforts that have been identified and agreed upon by the parties are set forth in Exhibit E.

5. BILLING, COLLECTIONS, PAYMENTS AND ACCOUNTING

5.1 PAYMENT. During the Term of this Agreement, YP.Net agrees to pay Vista.com in accordance with the following formulas.

5.1.1 VISTA.COM BASIC SERVICES FORMULA. In connection with Vista.com Basic Services created each month during the Term by YP.Net or YP.Net's Tier 2 Associates, YP.Net will be obligated to pay Vista.com the Monthly Service Fee (as set forth in Exhibit F) per YP.Net SBO or YP.Net Tier 2 Associate SBO, who are registered to receive those Services each month. Additionally, YP.Net agrees to pay Vista.com five thousand dollars (5,000) for the setup of the Private Label Service. This setup fee will be invoice upon contract execution and YP.Net will have ten (10) Business days to pay such invoice.

5.1.2 PAYMENT. In the event Vista.com does not collect sufficient Net Revenues, Transaction Fees, or applicable taxes from YP.Net SBOs

and YP.Net Tier 2 Associate SBOs: to cover the amounts owed by YP.Net to Vista.com as calculated in this Section 5.1, then Vista.com will invoice YP.Net for the difference. YP.Net will pay Vista.com within thirty (30) days from the date of such invoice. Invoices not paid within such time period shall be subject to a late payment charge of 1.5% per month (or the maximum rate permitted by law, whichever is lower) on the outstanding balance thereof, accruing from the due date, in the event that after a reconciliation per 5.3 below. Vista.com owes money to YP.Net irrespective to the provisions of 5.3. YP.Net can invoice Vista.com for that money & Vista.com must pay within 30 days from date of said invoice in like manners kind to Vista.com's rights under this clause

5.2 BILLING AND COLLECTION. YP.Net hereby appoints Vista.com, and Vista.com accepts such appointment, to be YP.Net's billing and collection agent for billing and collecting Gross Revenues from YP.Net SBOs, and YP.Net Tier 2 Associate SBOs. Vista.com will bill and collect said Gross Revenues on YP.Net's behalf pursuant to Sections 3.1 and 3.2. YP.Net may at any time and at its sole discretion, decided not to use the billing and collection services of Vista.com without penalty to YP.Net.

5.3 REMITTANCE. Vista.com will retain an amount equal to the payment owed by YP.Net to Vista.com as calculated by the formulas set forth in Sections 5.1.1 and 5.1.2 above and will use commercial reasonable efforts to remit to YP.Net YP.Net's share of Net Revenues and applicable taxes via electronic funds transfer within thirty (30) business days following any month in which those Net Revenues have been collected. If at any time YP.Net owes Vista.com any amount based upon a reconciliation of a prior month's billing, then Vista.com may retain an additional amount equal to the underpayment Likewise, if after a reconciliation Vista.com owes YP.Net, Vista.com will include such amount with the next month's remittance.

5.4 REPORTING. Within ten (10) days after the end of each month during the Term, Vista.com will furnish YP.Net with a statement itemizing the total amount of Gross and Net Revenues collected that month, the total amount of Transaction Fees incurred that month, and, during that same month, applicable taxes collected, from all services for which YP.Net is entitled to a share of the resulting Net Revenues. YP.Net will be solely responsible for remitting any amounts due and owing to YP.Net's Tier 2 Associates as agreed between YP.Net and its Associates and as documented in the statement.

5.5 CHARGEBACKS AND REFUNDS. in the event that an SBO stops payment or "charges back" its credit card for Services on the YP.Net Private Label Service, then Vista.com may recoup any Net Revenues and applicable taxes remitted to YP.Net for the Services that the SBO stopped payment. In the event an SBO requests a refund for Services not yet rendered (e.g., the SBO has pre-paid for 1 year of service and requests a refund after six months), then Vista.com will provide a pro-rated refund and

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Vista.com may recoup that portion of Net Revenues and applicable taxes remitted to YP.Net for the refunded time period. In the event that an SBO requests a refund for Services due to a failure to provide requested Services, and Vista.com agrees that it failed to provide such Services, then Vista.com will refund SBO's payment and Vista.com may recoup that portion of Net Revenues and applicable taxes remitted to YP.Net for those Services. In the event an SBO requests a refund for Services that were provided, then Vista.com may, in its discretion, decide whether to provide a refund to that SBO and if Vista.com decides to provide such refund, then Vista.com may recoup that portion of Net Revenues and applicable taxes remitted to YP.Net for those Services.

5.6 AUDIT. During the Term and for a period of two (2) years following the termination or expiration of the Agreement, the parties agree to keep all usual and proper records and books of account and all usual and proper entries and other documentation relating to any and all transactions contemplated by this Agreement (collectively, "Business Records"). During the Term and for a period of two (2) years following the expiration or termination of this Agreement, each party will have the right to cause an audit and/or inspection to be made of the other party's records relevant to this agreement in order to verify statements issued by the other party and compliance with the terms of this Agreement. Any such audit will be conducted by an independent certified public accountant selected by the auditing party (other than on a contingent fee basis) and reasonably acceptable to the audited party. Any audit or inspection is to be conducted during regular business hours at the audited party's facilities upon

at least ten (10) days written notice. Such audits may not be made more often than once in any twelve (12) month period. If any such audit reveals an underpayment of more than five percent (5%) related to the time period under audit, the reasonable costs and expenses to conduct such audit will be paid by the audited party and the audited party will pay such costs together with the amount of such underpayment within thirty (30) days from receipt of an invoice or statement therefore, itemizing the amounts of said underpayment and audit costs and including copies of relevant supporting documentation. All information disclosed or obtained in the course of conducting an audit will be Confidential Information of the audited party and used solely for the purpose of verifying compliance with the terms of this Agreement.

6. LICENSE GRANT.

6.1 During the Term and thereafter pursuant to Section B.S, YP.Net hereby grants Vista.com a worldwide, nonexclusive, royalty-free, fully paid-up, and, subject to Section 13.3, nontransferable license to use, reproduce, digitize, distribute, transmit, and publicly display YP.Net Materials and YP.Net Brand Features, as necessary for the development, operation, maintenance, and support of the YP.Net Private Label Service and YP.Net upon review and prior written approval of use by YP.Net

6.2 During the Term and thereafter pursuant to Section 8,5, YP.Net hereby grants Vista.com a worldwide, nonexclusive, royalty-free, fully paid-up and, subject to Section 13.3, license to use, reproduce, digitize, distribute, transmit, and publicly display and sublicense YP.Net Materials over the Vista.com Network, including without limitation, on Vista.com's Web Site and all SBO Web Sites, Partner Private Label Web Sites, and their SBO Web Sites, provided that YP.Net has provided written approval. Such materials will be removed upon termination of this Agreement.

6.3 The parties agree that, except as expressly licensed to YP.Net by this Agreement or by a separate license agreement as between the parties, Vista.com will retain all right, title, and interest in the YP.Net Private Label Service, the Vista.com Network, Vista.com Basic Services, and all data, content, technologies and other property furnished by Vista.com to YP.Net hereunder. Notwithstanding the foregoing, the parties agree that except as expressly licensee! to Vista.com in this Agreement or a separate license agreement, YP.Net will retain all right, title, and interest in the YP Net Web Site, YP.Net Materials, YP.Net Brand Features, YP.Net Services and the YP.Net Private Label Service domain name and all data, content, technologies and other property furnished by YP.Net to Vista.com hereunder. Neither party will have any rights, title or interest in any materials, content or technology provided by the other party hereunder except as specifically provided in this Agreement and will not alter, modify, copy,

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edit, format, translate, create derivative works of or otherwise use any materials, content or technology provided by the other party except as explicitly provided herein or approved in advance in writing by the other party.

7. Confidentiality

7.1 Each party will protect the other's Confidential Information from unauthorized dissemination and use with the same degree of care that such party uses to protect its own like information. Neither party will use the other's Confidential Information for purposes other than those necessary to directly further the purposes of this Agreement. Each party may disclose the terms and conditions of this Agreement to its employees, affiliates and its immediate legal and financial consultants on a need to know basis as required in the ordinary course of that party's business, provided that such employees, affiliates and/or legal and /or financial consultants agree in advance of disclosure to be bound by this Section 7. A party may disclose Confidential Information as required by government or judicial order, provided each party gives the other party prompt notice of such order and complies with any protective order (or equivalent) imposed on such disclosure.

7.2 Each party acknowledges that monetary damages may not be a sufficient remedy for unauthorized disclosure or use of Confidential Information and that each party may seek, without waiving any other rights or remedies, such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.

8. TERM; TERMINATION

8.1 The term of this Agreement will be three (3) years from the Effective Date subject to automatic, successive renewal terms of one (1) year each, unless either Vista.com or YP.Net gives the other party written notice of its intent not to renew at least ninety (90) days prior to the expiration of the initial term or any succeeding term (collectively the "Term"),

8.2 TERMINATION FOR BANKRUPTCY. Either party may terminate this Agreement by written notice given to the other party, in the event the other party (i) files a petition in bankruptcy; or (ii) has a petition in bankruptcy filed against it by any third party, which is not dismissed within sixty (60) days. Termination pursuant to this Section shall take effect on the date notice by the terminating party is deemed given.

8.3 TERMINATION FOR CAUSE. In addition to any other rights or remedies that either party may have under the circumstances, all of which are expressly reserved, either party may terminate this Agreement at any time, if the other party is in material breach of any warranty, representation, term, condition or covenant of this Agreement, and fails to cure that breach within sixty (60) days after written notice given, outlining all reasons for said termination,

8.4 EFFECTS OF TERMINATION. Upon the termination or expiration of this Agreement except to the extent provided pursuant to Section 8.5 below, (i) all rights and licenses granted hereunder and all obligations and covenants imposed hereunder will immediately cease; and (ii) except as expressly set forth herein, each party will: (A) stop using all Confidential Information of the other party then in its possession; (B) erase or destroy all such Confidential Information then residing in any computer memory or data storage apparatus in its possession or control; (C) at the option of such other party, either destroy or return to such other party all such Confidential Information in tangible form and all copies thereof; (D) remove all of the other party's Brand Features from the web sites and the Vista.com Network; and (E) Vista.com will remove all YP.Net Materials, including YP.Net Editorial Content from the Vista.com Website and Vista.com Network, except that Vista.com is not required to remove YP.Net Materials from any SBO's Website out of control of Vista.com. In the event of termination of this Agreement, for any reason each and every clause which by its nature is intended to survive the termination of this Agreement including, without limitation, Sections 1, 2.4, 2, 8, 5 (only to the extent that transactions are authorized prior to expiration or termination), 5.2, 7, 8, 9, 10, 11, 12, and 13 will survive termination or expiration.

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8.5 TRANSITION,

8.5.1 VISTA DEFAULT. Upon termination of this Agreement by YP.Net pursuant to Section 8.2 or 8.3, Vista.com will use commercially reasonable efforts to assist YP.Net in transitioning the YP.Net SBOs off the Vista Network to a third-party web-hosting site or YP.Net's own site as designated by YP.Net For the purpose of this section Commercially Reasonable Efforts shall mean "documentation relating to YP.Net SBO Web Sites and customer data files, and the site images, logos, banners, html content, (collectively "Transition Deliverables"). The Transition Deliverables are stored in an Oracle database and on an NFS file server. Vista shall provide the Transition Deliverables to YP.Net in the form of a data snapshot on CD-ROM. An Oracle export file will be provided on CD-ROM for each database. The Oracle export file contains the database schema and all database data related to YP.Net SBO Websites". If Vista.com Services are still maintained on the Vista.com Network, then YP Net's obligation to pay, and Vista.com's obligation to provide the services and billing and collection, shall continue as necessary for such transition.

8.5.2 YP.NET DEFAULT. Upon termination of this Agreement by Vista pursuant to Section 8.2 or 8.3, YP.Net will use commercially reasonable efforts to assist Vista.com in transitioning the YP.Net SBOs from the URL designated for the YP.Net Private Label Service pursuant to Section 2.4 to a URL maintained by Vista.com. Specifically, YP.Net will for up to six (6) months following termination or expiration maintain all of its SBO URLs and redirect such URLs to a URL agreed to by Vista.com and YP.Net.

8.3.1 EXPIRATION. Upon expiration pursuant to Section 8.1,

YP.Net and YP.Net's Tier 2 Associates will no longer be entitled to sell Services to SBOs. Vista.com will continue to provide existing SBOs Services in accordance with the current Membership Agreement and the terms of this Agreement for up to two (2) additional years and pay YP.Net there portions of the collected revenue as if this agreement was still in effect. In the event of expiration of this Agreement, Sections 1, 2.1, 2.3-2.5, 2.5, 2.8, 2.9, 6, 7, 8, 9, 10, 11, 12, and 13 will survive expiration for the two additional years.

9. INDEMNITY

9.1 BY VISTA.COM

9.1.1 Vista.com shall indemnify, hold harmless and, at its sole expense, defend YP.Net and any of YP.Net's subsidiaries, affiliates, directors, officers, employees, agents and independent contractors from and against any and all third-party claims, suits, proceedings, costs and expenses (including attorneys' fees), liabilities, losses and damages (collectively, "Third-Party Claims") arising out of, or in any way related to:

- (i) Any actual or alleged breach of this Agreement or violation of applicable U.S. law by Vista.com;
- (ii) Any Vista.com Content or Vista.com Brand Features, regardless of where located; or
- (iii) The development, operation, maintenance and hosting of the YP.Net Private Label Service, excluding user registration for that Service and any YP.Net Materials or YP.Net Brand Features displayed in connection therewith,

9.1.2 Vista.com's obligations under Section 9.1.1 shall be contingent on YP.Net

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- (i) Providing Vista.com with reasonably prompt written notice of any such Third-Party Claim, for which it is seeking a defense and/or indemnification hereunder;
- (ii) Fully cooperates with, and provides information or other assistance to, Vista.com upon request and at Vista.com's expense; and
- (iii) Allows Vista.com to control the defense and resolution of any such Third-Party Claim with legal counsel of Vista.com's choice.

Notwithstanding Section 9.1.2(iii) above, YP.Net shall have the right to approve the settlement of any Third-Party Claim, which involves an admission or commitment by or on behalf of YP.Net, other than the payment of money to be fully indemnified hereunder by Vista.com. Such approval shall not be unreasonably withheld or delayed.

9.1.3 In the event Vista.com settles or otherwise resolves a Third-Party Claim for which it is obligated to indemnify YP.Net hereunder, Vista.com agrees not to publicize said resolution without first obtaining YP.Net's written permission, which permission will not be unreasonably withheld,

9.2 BY YP.NET

9.2.1 YP.Net shall indemnify, hold harmless and, at its sole expense, defend Vista.com and any of Vista.com's subsidiaries, affiliates, directors, officers, employees, agents and independent contractors from and against any and all Third-Party Claims (as defined in Section 9.1.1 above), arising out of, or in anyway related to:

- (i) Any actual or alleged breach of this Agreement by YP.Net;
- (ii) Any YP Net Materials or YP.Net Brand Features, including in connection therewith infringement of any third-party's intellectual property rights, trade

secrets or other proprietary rights; or

- (iii) Violation of applicable U.S. law, regulation or Vista.com policy by YP.Net, by any YP.Net Tier 2 Associate, or by the SBOs of either said party.

9.2.2 YP.Net's obligations under Section 9.2.1 shall be contingent on Vista.com:

- (i) Providing YP.Net with reasonably prompt written notice of any such Third-Party Claim, for which it is seeking a defense and/or indemnification hereunder;
- (ii) Fully cooperates with, and provides information or other assistance to, YP.Net upon request and at YP.Net's expense; and
- (iii) Allows YP.Net to control the defense and resolution of any such Third-Party Claim with legal counsel of YP.Net's choice,

Notwithstanding Section 9.2.2(iii) above, Vista.com shall have the right to approve the settlement of any Third-Party Claim, which involves an admission or commitment by or on behalf of Vista.com, other than the payment of money to be fully indemnified hereunder by YP.Net. Such approval shall not be unreasonably withheld or delayed.

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9.2.3 In the event YP.Net settles or otherwise resolves a Third-Party Claim for which it is obligated to indemnify Vista.com hereunder, YP.Net agrees not to publicize said resolution without first obtaining Vista.com's written permission, which permission will not be unreasonably withheld.

10. DISCLAIMER OF WARRANTIES. EACH PARTY DISCLAIMS ANY AND ALL WARRANTIES OR REPRESENTATIONS EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY WARRANTS THAT ACCESS TO OR USE OF ANY WEB SITE, INCLUDING THE YP.Net PRIVATE LABEL SERVICE, WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT ANY SOFTWARE OR SERVICES WILL MEET ANY PARTICULAR CRITERIA OF PERFORMANCE OR QUALITY.

ALSO, THERE IS NO WARRANTY OF TITLE OR NON-INFRINGEMENT OR QUIET ENJOYMENT WITH RESPECT TO ANY CONTENT, SERVICES OR WEB SITES REFERENCED OR PROVIDED UNDER THIS AGREEMENT.

11. LIMITATION OF LIABILITIES. EXCEPT FOR OBLIGATIONS OF CONFIDENTIALITY UNDER SECTION 8 AND OBLIGATIONS OF DEFENSE AND INDEMNITY PURSUANT TO SECTION 10, BOTH PARTIES AGREE THAT (i) NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, ARISING OUT OF OR RELATED TO THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, AND THE LIKE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND (ii) THE TOTAL LIABILITY OF THE PARTIES TO EACH OTHER, AND EACH PARTY'S SOLE AND EXCLUSIVE REMEDY FOR ANY AND ALL CLAIMS RELATING TO OR ARISING UNDER THIS AGREEMENT WILL BE LIMITED TO THE AMOUNTS PAID HEREUNDER, WITH EACH PARTY RELEASING THE OTHER FROM ALL OBLIGATIONS, LIABILITY, CLAIMS OR DEMANDS IN EXCESS OF THAT AMOUNT.

NOTWITHSTANDING THE FOREGOING, THE PROVISIONS OF THIS SECTION 11 SHALL NOT RESTRICT EITHER PARTY'S ABILITY TO OBTAIN INJUNCTIVE OR OTHER EQUITABLE RELIEF.

12. TAXES.

12.1 The amounts to be paid by YP.Net to Vista.com herein do not include any foreign, U.S. federal, state, local, municipal or other governmental taxes, duties, levies, fees, excises or tariffs, arising as a result of or in connection with the transactions contemplated under this Agreement including, without limitation, any state or local sales or use taxes or any value added tax or business transfer tax now or hereafter imposed on the provision of goods and services to YP.Net by Vista.com under this Agreement, regardless of whether the same are separately stated by Vista.com. All such taxes (and any penalties,

interest, or other additions to any such taxes), with the exception of taxes imposed on Vista.com's income or with respect to Vista.com's property ownership, shall be the financial responsibility of YP.Net. YP.Net agrees to indemnify, defend and hold Vista.com harmless from any such taxes or claims, causes of action, costs (including, without limitation, reasonable attorneys' fees) and any other liabilities of any nature whatsoever related to such taxes.

12.2 YP.Net will pay all applicable value added, sales and use taxes and other taxes levied on it by a duly constituted and authorized taxing authority on the software or services provided under this Agreement or any transaction related thereto in each country in which the services and/or property are being provided or in which the transactions contemplated hereunder are otherwise subject to tax, regardless of the method of delivery. Any taxes that are owed by YP.Net, (i) as a result of entering into this Agreement and the payment of the fees hereunder, (ii) are required or permitted to be collected from YP.Net by Vista.com under applicable law, and (iii) are based upon the amounts payable under this

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Agreement (such taxes described in (i), (ii), and (iii) above the "Collected Taxes"), shall be remitted by YP.Net to Vista.com, whereupon, upon request, Vista.com shall provide to YP.Net tax receipts or other evidence indicating that such Collected Taxes have been collected by Vista.com and remitted to the appropriate taxing authority. YP.Net may provide to Vista.com an exemption certificate acceptable to Vista.com and to the relevant taxing authority (including without limitation a resale certificate) in which case, after the date upon which such certificate is received in proper form, Vista.com shall not collect the taxes covered by such certificate.

12.3 If, alters determination by foreign tax authorities, any taxes are required to be withheld, on payments made by YP.Net to Vista.com, YP.Net may deduct such taxes from the amount owed Vista.com and pay them to the appropriate taxing authority; provided however, that YP.Net shall promptly secure and deliver to Vista.com an official receipt for any such taxes withheld or other documents necessary to enable Vista.com to claim a U.S. Foreign Tax Credit. YP.Net will make certain that any taxes withheld are minimized to the extent possible under applicable law.

12.4 This tax section shall govern the treatment of all taxes arising as a result of or in connection with this Agreement notwithstanding any other section of this Agreement.

13. GENERAL PROVISIONS

13.1 INDEPENDENT CONTRACTORS. The parties are independent contractors with respect to each other, and nothing in this Agreement will be construed as creating an employer-employee relationship, a partnership, or a joint venture between the parties, The only agency relationship created by this Agreement is created in Section 5.2 regarding the provision of billing and collection services by Vista.com.

13.2 GOVERNING LAW. This Agreement will be governed by the laws of the State of Arizona, excluding choice of law rules. The parties agree to jurisdiction and venue in the state and federal courts sitting in Maricopa County, Arizona. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party will be entitled to recover its costs, including reasonable attorneys' fees.

13.3 ASSIGNMENT. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party, except that either party will be permitted, without the other party's prior written consent, to assign its rights and obligations to an acquiring or successor entity in connection with a merger, a sale of its business or a sale of all or substantially all of its assets, upon prompt written notice thereof given to the other party once said assignment becomes certain and provided such successor is not a direct competitor of the other party. All terms and provisions of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective permitted transferees, successors and assigns.

13.4 COSTS. Except as otherwise expressly provided herein, each

party: (a) will be responsible for all costs associated with the performance obligations expressly undertaken by such party under this Agreement, and (b) will have no right to obtain reimbursement or other payment from the other party.

13.5 CONSTRUCTION. In the event that any provision of this Agreement conflicts with governing law or if any provision is held to be null, void or otherwise ineffective or invalid by a court of competent Jurisdiction, (i) such provision will be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law, and (ii) the remaining terms, provisions, covenants and restrictions of this Agreement will remain in full force and effect. This Agreement has been negotiated by the parties and their respective counsel and will be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either party. The section headings used in this Agreement are intended for convenience only and will not be deemed to affect in any manner the meaning or intent of this Agreement or any provision hereof.

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13.6 NOTICES. All notices and requests in connection with this Agreement will be given in writing and will be deemed given on the date of first attempted delivery (whether successful or not) to the intended recipient's last known address by messenger, delivery service, or in the United States of America mail, postage prepaid, certified or registered, return receipt requested, and addressed as follows:

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To Vista.com:

Vista.com
11241 Willows Road, Ste. 100
Redmond, WA9S1052

Attention: Marvin Mall

Phone: (425) 497-9909
Fax: (425) 497-0409

Copy to:

Preston, Gates & Ellis
Fax: (206) 623-7022

To YP.Net:

YP.Net, Inc.
4340 E. Jasmine St., Ste 105
Mesa, AZ 85205

Attention: Ron Howard

Phone: 480-654-9646
Fax: 480-654-9727

Copy to. Angelo Tullo

or to such other address as the applicable party may designate pursuant to this notice provision.

13.7 ENTIRE AGREEMENT. This Agreement and the attached Exhibits constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements or communications. This Agreement will not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of Vista.com and YP.Net by their respective duly authorized representatives. No waiver of any breach of any provision of this Agreement will constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver will be effective unless made in writing and signed by an authorized representative of the waiving party.

The parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

VISTA.COM

YP.NET, INC.

By /s/ Mark E. Shafer

By /s/ Angelo Tullo, Chairman

Name (Print) Mark E. Shafer

Name (Print) Angelo Tullo

Title Vice President, Sales

Title Chairman of the Board

Date 9/19/01

Date 9-18-01

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EXHIBIT A SPECIFICATIONS

I. DESIGN SPECIFICATIONS

- Vista.com Basic Service as described in EXHIBIT B with the following modifications.
- Vista.com to provide an XML API to externally create e-generated sites based upon the transfer of user data collected through YP.Net's sign-up process.
- Vista.com will host the Private Label Sign-Up process with YP .Net's unique branding requirements.
- Vista .com will enable the service for private labeling.
 - URL will be private labeled as "SBO.YP.Net".
 - YP.Net Icon position in Management Console.
 - YP.Net specific tab in the Management Console.with link to YP.Netwebsite
- Vista.com will provide a Partner Dashboard for:
 - Reporting
 - Managing

II. TECHNICAL SPECIFICATIONS

- BASIC SERVICE: Vista.com's Basic Service allows for the automatic generation of industry specific e-businesses for SBOs. Vista.com provides a cutting edge eBusiness solution which includes an integrated, comprehensive and diverse suite of services designed to allow small business owners to create a robust and professional online presence, promote their business, conduct secure e-commerce, service their customers, and measure the success of their business online.
- XML API: This capability allows YP.Net to send specific SBO information to Vista.com in a format that allows Vista.com to create sites for YP.Net SBOs. There are two types of XML defined for inbound and outbound traffic: request XML and response XML. The request XML contains information such as partner information, customer information, company name, and desired url for the site. The response XML, sent in response to the receipt and processing of request XML, contains status information about the processing of site creation.
- PRIVATE LABEL SIGN-UP: Private label sign-up process includes; custom offer & pricing page, online sign-up form, sample sites, and guided tour accessed through the YP.Netwebsite.
- PRIVATE LABEL SERVICE: YP.Net SBOs will feel like they are using a service offering fromYP.Net. The SBO's URL will say SBO is at YP.Net. When the customer administers their site, they will see the YP.Net logo prominently placed at the top of the Management Console and they will see the YP.Net tab in the Management Console offering specific YP.Net services and information.
- PARTNER DASHBOARD: This capability allows YP.Net to manage the relationship with their SBOs. The Partner Dashboard is a key element of the easy to use functionality that allows YP.Net to manage these relationships using the very same Vista.com technology that YP.Net SBOs will be using. The Partner Dashboard will only be available to Partners, NkeYP.Net and their Tier 2 Associates, and includes the ability to run pre-built reports for tracking the customer relationship. The Partner Dashboard also contains applications that allow YP.Net to manage their SBO's. All of these capabilities are accessible via the YP.Net Partner Dashboard.

III. YP.NET PRIVATE LABEL SERVICE MOCK-UP

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[GRAPHIC OMITTED]

II. BRANDING GUIDELINES

Every Management Console of the YP.Net Private Label Service will contain the following "Fueled by Vista.com" logo or other Vista.com as maybe updated by Vista from time to time (the "Logo"):

[GRAPHIC OMITTED]

III. SCHEDULE

Both parties agree to use commercially reasonable efforts to complete the work specified by October 15, 2001

15 EXHIBIT B

Vista.com Basic Services

Vista.com reserves the right to change the Vista Basic Service, and/or replace services upon reasonable notice to Customers. The Vista.com Basic Services include the following:

- Web Site Creation
 - Web Site Set-up
 - Web Site Hosting
- Content Offerings
 - Content Editor
 - Images
 - Weather
 - Maps
 - Driving Directions
 - Logo Creator
 - Calculator
- Marketing Services
 - Search Engine Placement
 - Domain Registration
 - Banner Ad creation
 - Banner Ad Exchange
 - E-forms
 - Message Templates
 - Broadcast email
- Commerce Services
 - Online Store
 - Inventory Management
 - Secure Shopping Cart
 - Auto Tax Calculator
 - Auto Shipping Calculator
 - Order Processing
 - Merchant Account Services
 - Auctions
- Community Services
 - Events Calendar
 - Reservations
 - Appointments
 - Polls
 - Message Boards
 - Chat
- Management Services
 - Query Reporting
 - Analysis
 - Custom Reports
 - Management Console
 - Notification
- Storage
 - 20MB of Disk Space

EXHIBIT C

MEMBERSHIP TERMS OF SERVICE

Welcome to www.YP.Net! YP.Net, Inc. ("YP.Net"), a _____ Corporation, provides the web site YP.Net and all services offered through the web site (collectively the "Site"), subject to the following Web Site Access Agreement ("Agreement"). Your access to and use of the Site is governed by this Agreement. As used in this Agreement "YP.Net" "We," "Us," or "Our" refers to YP.Net, Inc. "You" or "Your" refers to you, a small business owner subscribing this Site.

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1. ELECTRONIC TRANSACTIONS

Communications and transactions at this Site are conducted electronically. YP.Net may provide all communications, disclosures, and notices electronically including, without limitation, in text on a web page or via email to any email address you may provide. If you do not wish to deal with YP.Net electronically, please do not use this Site.

All electronic records are deemed sent when properly addressed and when they enter an information processing system outside the control of the sender. All electronic records are deemed received when the record enters an information processing system that the recipient has designated or uses for the purpose of receiving electronic records of the type sent, in a form capable of being retrieved from that system.

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2. DESCRIPTION OF SERVICES

The Site currently permits small business owners to maintain a business presence on the Internet via personalized web pages. Unless explicitly stated in any offer from YP.Net to amend this Agreement, any new features that augment or enhance the current Site, including the release of new YP.Net features and services, are subject to this Agreement.

3. LICENSE TO USE THE SITE

YP.Net hereby grants you a non-exclusive, non-transferable, personal license to access and use the Site solely as necessary to create and manage personalized

web pages solely in connection with the operation of a licensed business ("Account"), Except for the license in this Section 3, YP.Net retains all right, title, and interest in and to the Site. Subject to applicable law, YP.Net reserves the right to suspend or deny, at its sole discretion, your access to all or any portion of the Site with or without notice. You may not access or use the Site or any portion of the Site if such access would violate any law. We advise you to retain a copy of this Agreement. Permission to reprint or electronically reproduce any content available on the Site, in whole or in part for any purpose other than as necessary to create and manage your Account is expressly prohibited, unless you have obtained prior written consent from YP.Net. The Site is protected by copyrights, trademarks, service marks, patents or other proprietary rights and laws under both United States and foreign laws. All rights not expressly granted herein are reserved to YP.Net and its licensors.

4. PROTECTYOURPASSWORD; YOU AUTHORIZE ALL USES MADE OF IT.

You are responsible for maintaining the confidentiality of the password that you choose to access and use the Site and your Account. Subject to applicable law, you agree to be liable for all uses of your Account whether or not actually authorized by you, including but not limited to access to your Account information through the "Manage yourSite" feature. This means that you should not supply your password to anyone who is not authorized to take actions for you.

5. YP.NET PRIVACY POLICY

Our Privacy Policy is a part of this Agreement and its terms are incorporated by this reference. Please read it now (by clicking on "Privacy Policy"). The policy explains how certain information about you may be used.

6. CONDUCT ON THE SITE

You understand that all information, data, text, files, software, music, sound, photographs, graphics, video, messages or other posted or transmitted by you through your Account and the Site, are your sole responsibility. This means that you, and not YP.Net, are entirely responsible for all content that you or users of your web site upload, post or otherwise transmit via the Site. YP.Net does not control the content on this Site and does not guarantee the accuracy, integrity or quality of any content. You understand that by using the Site, you may be exposed to content that is offensive, indecent or objectionable. Further, you agree to not use the Site to:

(a) upload, post or otherwise transmit any content that is unlawful, harmful, threatening, abusive, harassing, tortuous, defamatory, slanderous, vulgar, obscene, libelous, invasive of another's privacy, hateful, embarrassing, or racially, ethnically or otherwise objectionable to any other person or entity as determined by YP.Net in its sole discretion;

(b) impersonate any person or entity, including, but not limited to, a YP.Net staff, or falsely state or otherwise misrepresent your affiliation with a person or other entity;

(c) forge headers or otherwise manipulate identifiers in order to disguise the origin of any content transmitted through the Site or develop restricted or password-only access pages, or hidden pages or images (those not linked to from another accessible page);

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(d) upload, post or otherwise transmit any content that you do not have a right to transmit under any law or under contractual or fiduciary relationships (such as inside information, proprietary and confidential information learned or disclosed as part of employment relationships or under nondisclosure agreements);

(e) upload, post or otherwise transmit any content that infringes any patent, trademark, trade secret, copyright or other intellectual property or proprietary rights of any party or the privacy or publicity rights of others;

(f) upload, post or otherwise transmit any unsolicited or unauthorized advertising, promotional materials, "Junk mail," "spam," "chain letters," "pyramid schemes," or any other form of solicitation;

(g) upload, post or otherwise transmit any content that contains viruses or any other computer code, files or programs which interrupt, destroy, limit the functionality of, or cause damage to any computer software or hardware or telecommunications equipment;

(h) disrupt the normal flow of dialogue, cause a screen to "scroll" faster than other users of the Site are able to type, or otherwise act in a manner that negatively affects other users' ability to engage in real time exchanges;

(i) interfere with or disrupt the Site or servers or networks connected to the Site, or fail to comply with any requirements, procedures, policies or regulations of networks connected to the Site;

(j) intentionally or unintentionally violate any applicable local, state, national or international law, including, but not limited to, regulations having the force of law;

(k) "stalk," harass, or otherwise harm another;

(l) collect or store personal data in violation of any laws governing privacy;

(m) promote or provide instructional information about illegal activities, promote physical harm or injury against any group or individual, or promote any act of cruelty to animals;

(n) use your Account as storage for remote loading or as a door or signpost to another home page, whether inside or beyond the Site;

(o) reproduce, duplicate, copy, sell, resell or exploit any portion of the Site, use of the Site, or access to the Site.

(p) engage in any other conduct that inhibits any other person from using or enjoying the Site;

(q) engage in any other behavior on the Site, which in YP.Net's sole discretion is unacceptable.

YP.Net may (but is not obligated) to remove your content and terminate your Account and access to the Site for any reason, with or without notice to you, including without limitation, your web page or any listings on your web page that do not conform with the rules for the Site,

7. CONTENT SUBMITTED TO THE SITE

By submitting content to the Site for any purpose, including use in connection with your Account, you grant YP.Net a world-wide, royalty-free, perpetual, irrevocable, non-exclusive license to use, copy, reproduce, modify, create derivative works from, adapt, and publish, edit, translate, sell, distribute, publicly perform and display the content without any limitation and in any media or any form now know or later developed for the purpose of providing you services under this Agreement. You acknowledge that YP.Net does not pre-screen content, but that YP.Net and its designees will have the right (but not the obligation) in their sole discretion to refuse or remove any content that is available via the Site. You agree that you must evaluate and bear all risks associated with, the use of any content, including any reliance on the accuracy, completeness, or usefulness of such content.

8. INDEMNITY

You agree to defend, indemnify and hold harmless YP Net, and its subsidiaries, affiliates, officers, directors, agents, co-branders or other partners, and employees, harmless from any claim or demand, including reasonable attorneys' fees, due to or arising out of your content, your use of the Site or your Account, your violation of the this Agreement or any third party's rights. YP.Net reserves the right, at its own expense, to participate in the defense of

any matter otherwise subject to indemnification from you, but shall have no obligation to do so. You shall not settle any such claim or liability without the prior written consent of YP.Net if the settlement would affect YP. Net's ability to provide the Site.

9. TERMINATION

YP.Net may terminate this Agreement and your access to the Site upon thirty (30) days notice with or without cause. YP.Net may terminate this Agreement and your access to the Site immediately if you breach this Agreement. In the event that YP.Net terminates this Agreement without cause and you have prepaid for services, you may request a refund of any undisputed prepaid fees.

10. LINKS

We may provide, or third parties may provide, links to other Internet sites or resources. YP.Net is not responsible for and does not endorse the informational content or any products or services available through other Internet sites or resources, and does not make any representations regarding its content or accuracy. We do not control any third party Internet sites and we are not liable for any technological, legal, or other consequences that arise out of your visit or transactions there. Your use of third party Internet sites is at your own risk and subject to the terms and conditions of use for such sites. This means that we are not your agent and will not be a party to any agreement that you may enter at third party Internet sites.

11. WARRANTIES

You represent and warrant for the benefit of YP.Net and YP.Net's licensors, suppliers, and any third parties mentioned on the Site that: (a) you possess the legal right and ability to enter into and make the representations and warranties contained in this Agreement; (b) all information that you submit to us is true and accurate; (c) you will Keep your registration information current; (d) you will be responsible for all use of your Account even if such use was conducted without your authority or permission; (e) you will not use the Site for any purpose that is unlawful or prohibited by this Agreement; and (f) all content submitted to the Site is owned by you and YP.Net's use of the content does not infringe or violate the intellectual property or other rights of any third parties; and (g) you have a valid business license.

12. DISCLAIMER OF WARRANTIES

THIS SITE AND ALL INFORMATION ACCESSIBLE ON OR THROUGH IT IS PROVIDED "AS IS," "AS AVAILABLE," "WITH ALL FAULTS," AND WITHOUT WARRANTY OF ANY KIND. YP.Net GIVES NO EXPRESS WARRANTIES AND DISCLAIMS: (A) ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE; AVAILABILITY OF THE SITE; LACK OF VIRUSES, WORMS, TROJAN HORSES, OR OTHER CODE THAT MANIFESTS CONTAMINATING OR DESTRUCTIVE PROPERTIES; ACCURACY, COMPLETENESS, RELIABILITY, TIMELINESS, CURRENCY, OR USEFULNESS OF ANY CONTENT ON THE SITE; AND (B) ANY DUTIES OF REASONABLE CARE, WORKMANLIKE EFFORT OR LACK OF NEGLIGENCE IN CONNECTION WITH THE SITE OR CONTENT AVAILABLE ON IT. THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY AND EFFORT IN CONNECTION WITH THE SITE AND CONTENT AVAILABLE ON IT IS BORN BY YOU. IN ADDITION, YP.Net DISCLAIMS ANY WARRANTIES OF NON-INFRINGEMENT, TITLE, OR QUIET ENJOYMENT IN CONNECTION WITH THE SITE AND INFORMATION AVAILABLE ON IT.

13. LIMITATION OF LIABILITY

IN NO EVENT WILL YP.Net BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY DAMAGES, OR ANY OTHER DAMAGES (INCLUDING, WITHOUT

LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF DATA, PERSONAL INJURY, FAILURE TO MEET ANY DUTY INCLUDING ACTS OF GOOD FAITH OR OF REASONABLE CARE, LACK OF NEGLIGENCE, AND FOR ANY OTHER PECUNIARY OR OTHER LOSS WHATSOEVER) ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE USE THIS SITE AND ANY INFORMATION AVAILABLE ON IT, THE DELAY OR INABILITY TO USE THE SITE OR

ANY INFORMATION, EVEN IN THE EVENT OF= FAULT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF CONTRACT, OR BREACH OF WARRANTY OF YP.Net AND EVEN IF YP Net HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, THESE LIMITATIONS AND EXCLUSIONS REGARDING DAMAGES APPLY EVEN IF ANY REMEDY FAILS.

NOTWITHSTANDING THE FOREGOING, IN NO EVENT WILL YP.Net BE LIABLE FOR ANY AMOUNT IN EXCESS OF THE AMOUNT PAID BY YOU TO US FOR USE OF THE SITE.

SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ACCORDINGLY, SOME OF THE ABOVE LIMITATIONS OF SECTIONS 13 AND 14 MAY NOT APPLY TO YOU.

14. THIRD PARTY BENEFICIARY

Community IQ, Inc., d/b/a Vista.com is Washington State corporation located at 11241 Willows Road, Suite 100 Building C, Redmond WA 98052, which will provide the web site development and maintenance services for YP.Net as anticipated under this Agreement. You hereby agree that Vista.com, is a third party beneficiary to this Agreement and will enjoy all the rights and privileges of YP.Net as set forth herein.

15. EXPORT CONTROLS

You agree to abide by U.S. and other applicable export control laws and not to transfer, by electronic transmission or otherwise, any content or software subject to restrictions under such laws to a destination prohibited under such laws, without first obtaining, and then complying with, any requisite government authorization. You further agree not to upload to your web site(s) hosted by YP.Net any data or software that cannot be exported without prior written government authorization, including, but not limited to, certain types of encryption software.

16. AMENDING THIS AGREEMENT

This Agreement constitutes the entire agreement between you and YP.Net about this Site and your use of it and it supercedes any prior or contemporaneous communications or displays whether electronic, oral, or written between you and YP.Net regarding the Site (including, but not limited to, any prior versions of the Agreement). Except as described below in Section 17 regarding changes to fees, this Agreement may not be amended except by a specific offer from YP.Net designated as an offer to amend its terms which is accepted by you in the manner indicated in the offer, if you accept the amended terms, they supercede any previous terms in the Agreement (or any amended version of the Agreement). If you do not accept the amended terms, you may terminate the Agreement and request a refund of any undisputed prepaid fees.

17. FEES; PAYMENT

Your use of the Site and your Account is subject to fees that YP.Net sets from time to time. Click here to see the current fee schedule for the services offered at the Site. YP.Net reserves the right to change its services or any fees charged for them upon 30 days' notice. If you do not agree to changes in fees, you may terminate your Account. You are responsible to pay YP.Net for all fees, duties, taxes, and assessments arising out of your use of this Site and your Account. Current applicable charges for the services are due in advance of each month for which the services are provided. If any service, other than the basic service plan, is selected by you, payment shall be due in full upon ordering the service. Only

valid credit cards acceptable to YP Net may be used for orders placed at the site, and all refunds will be credited to the same card. By submitting your order for processing, you authorize us to charge your order (including taxes and any amounts shown to you before submission) to your card. If your card cannot be verified, is invalid, or is not otherwise acceptable, your order will be suspended automatically and we will send you an e-mail notice. You must resolve any problem within the time stated in the email notification or your order will

be cancelled without further notice. You will also be liable for all attorney and collection fees arising from YP.Net's efforts to collect any unpaid balance of your Account(s).

18. GENERAL INFORMATION

This Agreement does not create any agency, employment, partnership, joint venture, franchise or other similar or special relationship between you and YP.Net. Neither party will have the right or authority to assume or create any obligations or to make any representations, warranties or commitments on behalf of the other party or its affiliates, whether express or implied, or to bind the other party or its affiliates in any respect whatsoever.

Your rights and obligations under this Agreement shall not be transferred or assigned directly or indirectly without the prior written consent of YP.Net.

This Agreement and the relationship between you and YP.Net is governed by the laws of the State of Arizona without regard to its conflict of law provisions. You and YP.Net agree to submit to the personal and exclusive jurisdiction of the courts located within the county of Maricopa, Arizona. The failure of YP.Net to exercise or enforce any right or provision of this Agreement will not constitute a waiver of such right or provision.

If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, then the provision (or portion) will be deemed superseded by valid enforceable language that most clearly matches the intent and allocation of risk in the original provision (or portion), and the other provisions of this Agreement remain in full force and effect. You agree that regardless of any statute or law to the contrary, any claim or cause of action arising out of or related to use of the Site or this Agreement must be filed within one (1) year after such claim or cause of action arose or be forever barred. The section titles in the Agreement are for convenience only and have no legal or contractual effect

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EXHIBIT D

PRIVACY POLICY

YP.NET USER PRIVACY POLICY

This Privacy Statement describes how YP.Net, Inc. may collect and uses information through www.YP.Net ("Site").

WHAT INFORMATION MIGHT YP.NET COLLECT FROM USERS OF THE SITE?

YP.Net and YP.Net's service providers might collect information that you provide that personally identifies you when you use the Site. Such information may include, but is not limited to, your name, e-mail alias, user identification password and other information which can be connected to you via use of cookies (described below) (collectively "Personal Information"). Additionally, in the event that you purchase products or services from the Site you will need to disclose financial information such as a credit card to pay for such products or services ("Financial Information"). YP.Net may collect "Aggregate information" which does not indicate the identity of any particular user, but describes the habits, usage patterns and/or demographics of users as a group.

WHAT ARE COOKIES AND HOW ARE THEY USED?

A cookie is a very small text file placed on your hard drive by a computer server. It serves as your identification card and is uniquely yours. Cookies tell us that you returned to a specific web page on our Site and help us track your preferences and transactional habits. Cookies recognize your password and help us personalize your experience at the Site by permitting our computer server to "remember" who you are.

By modifying your browser preferences you may chose to accept all cookies, to be notified when a cookie is set, or to reject all cookies. If you choose to reject all cookies you may be unable to use those YP.Net services that require registration in order to participate. Generally, we might use cookies to:

(1) Remind us of who you are. This cookie is set when you register or "Sign In" and is modified when you "Sign Out" of ourYP.Net services.

(2) Estimate our audience size. Each browser accessing YP.Net is given a unique cookie which is then used to determine the extent of repeat usage, usage by a registered user versus by an unregistered user, and to help target advertisements based on user interests and behavior.

(3) Measure certain traffic patterns, which areas of YP.Net you or your page visitors have visited, and those visiting patterns in the aggregate. We use this research to understand how our users' habits are similar or different from one another so that we can make each new experience on YP.Net a better one. We may use this information to better personalize the content, banners and promotions that you and other users may see on our sites.

(4) YP.Net might also collect IP addresses for system administration and to report aggregate information to our advertisers.

HOW MIGHT YP.NET USE AND SHARE MY PERSONAL INFORMATION?

For Small Business Owners.

YP.Net and YP.Net's service providers might use your Personal Information to operate the Site, provide you services, open your Account, and enforce or investigate your Membership Terms of Service and claims regarding it. We also collect and store Personal Information regarding users that access your personalized web pages (your Account).

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For General Users Visiting Small Business Owner Web Pages.

YP.Net and YP.Net's service providers might use your Personal Information to operate the Site provide you services, and to enforce or investigate our User Terms of Service and claims regarding it. Your Personal Information may be stored and it may be shared with the small business owners whose web pages you visit. YP.Net does not control the use of your Personal Information made by any small business owner-so please contact them directly if you have questions about their policies concerning the use of your Personal Information.

PROMOTIONAL OFFERS FROM YP.NET AND FROM THIRD PARTIES

We may send you information from time to time about YP.Net's promotional offerings and we may share your Personal Information with third parties who wish to send you promotional offerings. Your consent to receipt of promotional offerings may be given to us via or in response to an email communication requesting your consent or otherwise during registration for use of the Site in the appropriate check boxes (if any) within the Site signifying your consent. To stop delivery of promotional information from YP.Net please send e-mail to memberservices@YP.Net. You may also be able to stop delivery of promotional

offerings from others by contacting them directly.

OTHER SITUATIONS IN WHICH PERSONAL INFORMATION MAY BE DISCLOSED

We store and disclose Personal Information as allowed or required by applicable law or when deemed advisable in YP.Net's discretion. This means that we may make disclosures that are necessary or advisable to conform to legal and regulatory requirements or processes and to protect the rights, safety and property of YP.Net, users of the Site and the public.

FINANCIAL INFORMATION: Generally, we do not share Financial Information with outside parties except to the extent necessary to provide you with any product or service that you may have purchased.

AGGREGATE INFORMATION: YP.Net and YP.Net's service providers reserve the right to freely use and distribute all Aggregate Information collected at this Site.

WHAT IS YP.NET' POLICY ABOUT ALLOWING ME TO UPDATE OR CORRECT MY PERSONAL INFORMATION?

You may update or edit your Personal Information at any time, if you are a small business owner, by accessing your Account, or if you are a user of the Site generally by sending email to memberservices@YP.Net.

WHAT SECURITY PRECAUTIONS ARE IN PLACE TO PROTECT THE LOSS, MISUSE, OR ALTERATION OF MY INFORMATION?

We take reasonable steps to protect Personal Information and use encryption technology to help ensure security at the Site. However, no data transmission over the Internet or any wireless network can be guaranteed to be 100% secure. As a result, while we strive to protect your Personal Information YP.Net cannot ensure or warrant the security of any information communicated to the Site.

QUESTIONS, COMMENTS, CONCERNS

If you have any questions or comments about our use of Personal Information, please contact us at memberservices@YP.Net.

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EXHIBIT E

MARKETING

VISTA.COM OBLIGATIONS:

1. Provide position statements, marketing data, and branding requirements to YP.Net to promote the Private Label Service,
2. Promote Private Label Service via:
 - 2.1. A mutually agreed upon press release
 - 2.2. Additional marketing promotions will be mutually agreed upon by the parties
 - 2.3. Email, Newsletter

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EXHIBIT F
MONTHLY SERVICE FEE

Maximum Number of Pages Per Site	Monthly Per Site Charge
56	\$6.50

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Angelo Tullo, certify that:

1. I have reviewed this report on Form 10-QSB of YP.Net, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-145(e) and 15d-145(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control of financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: August 14, 2003

By: /s/ ANGELO TULLO

Angelo Tullo
Chairman, President and Chief Executive
Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, David Iannini, certify that:

1. I have reviewed this report on Form 10-QSB of YP.Net, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-145(e) and 15d-145(e) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control of financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: August 14, 2003

By: /s/ DAVID IANNINI

David Iannini
Chief Financial Officer

CERTIFICATION OF THE
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Angelo Tullo, the CEO of YP.NET, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of YP.NET, Inc. on Form 10-QSB for the third quarter ended June 30, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of YP.NET, Inc.

Dated: August 14, 2003

/s/ Angelo Tullo

Angelo Tullo
Chief Executive Officer

I, David J. Iannini, the CFO of YP.NET, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of YP.NET, Inc. on Form 10-QSB for the third quarter ended June 30, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of YP.NET, Inc.

Dated: August 14, 2003

/s/ David J. Iannini

David J. Iannini
Chief Financial Officer