

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of earliest reported event): October 17, 2003

YP.NET, INC.

(Exact name of registrant as specified in charter)

NEVADA (State or other jurisdiction of incorporation)	000-24217 (Commission File Number)	85-0206668 (IRS Employer Identification No.)
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4840 EAST JASMINE STREET, SUITE 105, MESA, ARIZONA

85205

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (480) 654-9646

ITEM 5. OTHER EVENTS AND REQUIRED FD DISCLOSURE

On August 26, 2003, Telco Billing, Inc. ("Telco"), a wholly-owned subsidiary of YP.Net, Inc. (the "Company"), entered into a three-year agreement with Integrated Payment Systems Inc., a unit of First Data Corporation (NYSE:FDC) and a leading provider of payment reconciliation and backroom processing services. The Company offers an incentive check as part of its marketing effort. First Data will serve as an additional third-party verification of new customers signing up for the Company's Internet Advertising Package. The agreement requires the Company to pay monthly fees depending upon usage. The minimum monthly fee is \$1,500.

Effective September 1, 2003, Telco also entered into an agreement with UDS Directory Corp., d/b/a go2 Directory Systems, for an initial term of three-years. Go2 Directory Systems is a leading provider of wireless content. With go2, the Company's customers' listings may be found in a prominent position on wireless and handheld devices provided by Palm, AT&T Wireless, Qwest, Verizon and many other providers. The agreement required the Company to pay an implementation fee of \$20,000. The Company will also pay a fee per listing of \$.05 to \$.30.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits. The following documents are filed as exhibits to this report:

10.1 Basic Listing Reseller Agreement, between UDS Directory Corp., d/b/a go2 Directory Systems and Telco Billing, Inc., effective as of September 1, 2003

10.2 Processing Agreement, between Integrated Payment Systems, Inc. and Telco Billing, Inc., dated as of August 26, 2003

99.1 Press release dated October 17, 2003

99.2 Press release dated October 20, 2003

SIGNATURES

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

YP.NET, INC.

Date: October 21, 2003

/s/ ANGELO TULLO

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Angelo Tullo,  
Chief Executive Officer

BASIC LISTING RESELLER AGREEMENT

This BASIC LISTING RESELLER AGREEMENT (the "Agreement") is effective as of  
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 the 1st day of September, 2003 (the "Effective Date"), and is entered into by  
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 and between UDS Directory Corp., d/b/a go2 Directory Systems ("go2"), a  
 ---  
 California corporation, whose address is 18400 Von Karman Avenue, Suite 320,  
 Irvine, California 92612, and Telco Billing, Inc. a wholly owned subsidiary of  
 YP.Net, Inc. ("TBI"), both Nevada corporations, whose address is 806 E. Buchanan  
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 #115-250, Boulder City, NV 89005. go2 and TBI are referred to herein  
 collectively as the "Parties".

RECITALS

WHEREAS, go2 provides proprietary and patented information gathering, entry  
 and updating interfaces, storage, organization, distribution and publication  
 services for the advertisers in go2's mobile and online yellow pages, including  
 various basic and premium listing products and other information distribution  
 services (collectively referred to herein as the "go2 Directory Services");  
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WHEREAS, TBI provides online yellow page directory services accessible  
 through the internet ("TBI Service") and sells certain directory listing  
 -----  
 products and services to its customers ("TBI Customers");  
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WHEREAS, go2 and TBI have come together to develop a beneficial  
 relationship through which TBI desires to bundle go2's Basic Listing product  
 with TBI's other listing products so that TBI customers will have the benefits  
 of go2's Basic Listing product.

NOW, THEREFORE, and in consideration of the mutual promises,  
 representations and warranties contained in this Agreement, the parties agree as  
 follows:

1. DEFINITIONS

The following definitions apply throughout this Agreement, including any  
 Exhibits:

1.1 "BASIC LISTINGS" means the basic listings and fields of  
 information provided and delivered by go2 to go2 users in go2's online and  
 mobile yellow page directory as indicated in Exhibit "A" attached hereto;  
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 provided, however, that such information may be expanded from time to time by  
 go2 at its sole discretion.

1.2 "BASIC LISTING PROMINENCE" means the placement, size, color and/or  
 design for Basic Listings in go2's online and mobile yellow page directory as  
 determined by go2 from time to time in its discretion. The current Basic  
 Listing Prominence is indicated in Exhibit "A" attached hereto, but such  
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 prominence may be modified from time to time as go2 modifies the look and feel  
 of its online or wireless website as long as such prominence clearly,  
 conspicuously and prominently distinguishes the Basic Listings from the free or  
 Standard Listings included in go2's online and mobile yellow page directory.  
 Upon each such modification that adds additional categories of premium listings  
 that are placed in sections above the Standard and

Basic Listings section, TBI shall have the option to cancel this Agreement by

providing written notice to go2 within twenty (20) days of the notification of such change or planned change. There shall be no page break(s) between sections.

1.3 "GO2 BRAND MARKS" means the trademarks, service marks, domain names, logos and other distinctive brand marks of the go2 brand that are used in or relate to the go2 Directory Services.

1.4 "GO2 DIRECTORY SERVICES" is defined in the Recitals of this Agreement.

1.5 "LOCATION INFORMATION" means the basic location information provided by TBI to go2 to be included in the Basic Listings, provided such information falls within the fields of information set forth in Exhibit "B" and -----  
also complies with the technical parameters provided by go2 from time to time.

1.6 "TBI CUSTOMER" is defined in the Recitals of this Agreement.

1.7 "TBI BRAND MARKS" means the trademarks, service marks, logos and other distinctive brand marks of TBI or its Affiliates that are used in or relate to TBI's business.

1.8 "TBI SERVICES" is defined in the Recitals of this Agreement.

1.9 "LAUNCH DATE" means the date that go2 commences the display of the Basic Listings of TBI customers in go2's online and mobile yellow pages.

1.10 "USER" means any individual who uses the go2 Directory Services.

## 2. SALE OF BASIC LISTINGS

2.1 SALE OF BASIC LISTINGS. go2 agrees to sell the Basic Listings to TBI, and TBI agrees to purchase the Basic Listings for bundling and resale to all of TBI Customers. Such Basic Listings shall be included in go2's mobile and online yellow page directory and other go2 Directory Services, and go2 agrees to include and display such Basic Listings pursuant to the terms hereof. go2 agrees to receive and update, and TBI agrees to send and update, the Basic Listings on a monthly basis in accordance with a batch feed process that is mutually agreeable to the Parties. go2 will include all of the Location Information in go2's database which is made available through go2's APIs to various other directory and similar applications and distribution partners of go2, including wireless carriers, voice applications, online directories, navigation information providers, 411 directories, etc.

2.2 IMPLEMENTATION FEES. TBI agrees to pay go2 an implementation fee of Twenty Thousand Dollars (\$20,000) (the "Implementation Fee") upon the signing -----  
of this Agreement. For this fee, go2 shall create and maintain a conversion table which shall be used to convert all of TBI's Customer data into a format compatible with the go2 system and matching category headings. Go2 shall provide TBI with the category mappings for these conversions.

2.3 BASIC LISTING FEES. TBI agrees to pay go2 the basic listing fee (the "Basic Listing Fee") set forth on Exhibit "C" attached hereto for all of -----  
TBI's paid listings for Basic

Listing placement. The Basic Listing Fee shall be incurred monthly based on the highest number of Basic Listings provided by go2 to TBI during each calendar month. Such fees shall be payable in advance for a period of three (3) months (the "Estimated Payment Period") based on an estimate of the total Basic Listing

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Fees payable for the Estimated Payment Period. go2 shall provide TBI with a monthly statement of the Basic Listing Fees payable for the month, which shall coincide with the number of Basic Listings provided by go2 for TBI's listings, and TBI shall pay any Basic Listing Fees in excess of the unearned advance payment within 15 days of the end of the month in which such excess Basic

Listing Fees are incurred. In the event that the Basic Listing Fees for the Estimated Payment Period are less than the advance payment, the excess shall be applied to reduce the advance payment for the next three (3) month Estimated Payment Period.

2.4. INITIAL ADVANCE PAYMENT. Upon signing of this Agreement, TBI agrees to pay go2 the advance for the initial Estimated Payment Period equal to Forty Five Thousand Dollars (\$45,000) (the "Advance Payment").  
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2.5 GO2'S DIRECTORY SERVICE METRICS. On a quarterly basis, go2 will provide TBI with designated general metrics of go2 Directory Services, including number of total page views, unique users, top category searches and such other metrics that go2 may determine to measure, track and disclose. TBI and go2 shall agree upon the nature of the disclosures of this information to TBI Customers.

2.6 CUSTOMER SERVICE. All standard customer relationship and interaction services for Basic Listings will be provided by TBI. Updates, additions and other modifications of the Location Information shall be provided by TBI to go2 in accordance with the batch feed process on a monthly basis.

2.7 COLLATERAL MATERIALS. Both parties shall have the right to review and approve any marketing materials, press releases, emails, and other communications and advertising that refer to the other party's Directory Services, distributors or distribution, wireless carrier or other partners, or the Basic or other Listings on Directory Services at any time. Upon request, the other party shall provide copies of any collateral materials that refer to the requesting party's or their parent's, Directory Services or the Basic or other Listings in advance of printing and circulation of such materials, and the requesting party agrees to promptly review and comment on the proposed collateral materials. Notwithstanding the foregoing, the parties may agree in writing to certain guidelines for the inclusion of such information, and marketing materials, press releases, emails and other communications that meet such guidelines do not need to be approved in advance, provided, however, either party may revoke their approval of such guidelines at any time.

2.8 MARKETING STATEMENTS. Neither party shall make any false or misleading representations concerning the other or their Directory Services, distributors or distribution, wireless carrier or other partners, or the Basic or other Listings, or make any representations concerning the other's Directory Services' specifications, features, carriers and distribution partners, capabilities and applicable warranties which are not consistent with those statements approved by or delivered by such party to the other hereunder or in other published information, or undertake any acts injurious to the business or goodwill of the other party.

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2.9 PRESS RELEASE. The Parties agree to each issue a mutually agreeable press release within fifteen (15) days of the Launch Date or as otherwise mutually agreed.

2.10 LAUNCH DATE. The Launch Date shall be at a date mutually determined by both parties to coordinate with their public relations efforts and IT Department work load, but in no case more than 120 days after the signing of this agreement.

### 3. GO2 PREMIUM LISTINGS

The Parties agree to enter into good faith discussions and negotiations regarding the resale of go2 Premium Listings by TBI as an upsell to TBI Customers. Such go2 Premium Listings will provide TBI customers with the ability to include much more detailed information regarding their locations (including pictures and graphics) as go2 determines and offers from time to time. The current data fields supported by go2's Premium Listings are set forth in Exhibit "D" hereof, which may be modified from time to time by go2. In  
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addition, TBI customers who purchase go2 Premium Listings shall have access to go2's online tools and systems for such customers to add, delete, or modify information included in the go2 Premium Listing. The terms and specific

requirements regarding reselling activities and order processing will be set forth in a different definitive agreement or an acceptable written amendment to this Agreement.

#### 4. TERM

4.1 TERM. The term of this Agreement shall commence on the Effective Date and shall continue for three (3) years following the Launch Date ("Initial Term"); At the end of the Initial Term, this agreement shall renew for successive one year terms unless otherwise terminated by either party by providing written notice to the other party at least sixty (60) days prior to then end of such term. Collectively, the Initial Term and any Renewal Term is referred to herein as the "Term".

#### 4.2 TERMINATION.

4.2.1 Notwithstanding the foregoing, if either party breaches or defaults on any of the provisions of this Agreement, and such breach is not cured within thirty (30) days after the breaching party receives written notice, then in addition to all other rights and remedies of law or equity or otherwise, the injured party shall have the right to terminate this Agreement without any obligation or liability, at any time thereafter. Failure to terminate this Agreement following a breach which continues longer than such thirty (30) day period shall not constitute a waiver, at any time thereafter, of the non-breaching party's rights under this section provided such breach has not been cured. Except as explicitly set forth elsewhere in this Agreement, the foregoing rights in this Sections 4.2.1 will be in addition to any other legal or equitable remedies that the terminating Party may have.

4.2.2 EFFECT OF TERMINATION. Upon expiration or termination of this Agreement, (i) TBI shall cease all marketing and promoting of the Basic Listings and discontinue all use,

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directly or indirectly, of the go2 Brand Marks, references to any go2 Directory Services, go2's distribution, wireless carrier or other partners, or go2 Basic Listings, or of any word, title expression, trademark, design, or marking that, in the opinion of go2, is confusingly similar to the go2 Brand Marks, (ii) TBI will immediately return to go2 all copies of the Confidential Information of go2 in the custody of TBI, and any go2 data, equipment, materials or other property that TBI has been provided during the term of this Agreement, (iii) go2 will immediately return to TBI all copies of the Confidential Information of TBI in the custody of go2, and any TBI data, equipment, materials or other property that go2 has been provided during the term of this Agreement, and (iv) all licenses from one party to the other party will immediately terminate. Notwithstanding anything in this Agreement to the contrary, the termination or expiration of this Agreement shall not relieve either Party of its obligations to the other incurred before the effective date of termination or expiration. Any payments that may have been paid in advanced and remain unused shall be returned to TBI in full including on a prorated basis for any partially used month.

#### 5 INDEPENDENT CONTRACTORS / PERSONNEL

5.1 COMPLIANCE WITH LAWS. Both parties shall comply with all applicable federal, state, county and local laws, orders, rules, ordinances, regulations, and codes including, but not limited to, each party's obligations as an employer regarding the health, safety and payment of its employees. Both parties' compliance shall also include identifying and procuring the required permits, certificates, approvals, and inspections required for performance under this Agreement.

5.2 INDEPENDENT CONTRACTORS. Each party, its subcontractors, employees, agents or other parties utilized by the party to perform the Services set forth in this Agreement are independent contractors for all purposes and at all times. Each party has the responsibility for, and control over, the means

and details of performing its portion of the Services.

5.3 PERSONNEL. Neither party will incur any responsibility or obligation to the other party's personnel. Each party's personnel will, at all times, remain employees, agents or subcontractors (whichever is applicable) of its respective employer.

5.4 REPRESENTATIVES. Each party will designate a representative(s) who shall serve as that party's point of contact with the other party for purposes of supervising and managing performance of the respective parties' obligations under this Agreement.

5.5 NOTICE OF MAJOR TRANSACTION. During the term of this agreement, TBI shall be notified if go2 is seeking any agreement for the acquisition or sale of their assets, technologies or capital stock of go2. For a period of at least ten (10) days, go2 shall negotiate in good faith with TBI regarding any such transaction, and TBI shall have an opportunity to participate in any bidding or sale process with any other potential buyer; provided, however, that after such period go2 and its shareholders shall not otherwise be limited in their ability to sell the assets, technologies or stock of go2.

6. PROPRIETARY INFORMATION - GENERAL

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6.1 PROPRIETARY AND CONFIDENTIAL INFORMATION: DEFINED. It may be necessary for the parties, each as the "Discloser," to provide to the other party, as "Recipient," certain proprietary and confidential information

(including trade secret information), including but not limited to information relating to the terms of this Agreement, reports under this Agreement, technical, financial, marketing, marketing pieces and methods, staffing and business plans and information, strategic information, and any other information of a secret, confidential, or proprietary nature relating to a Party's business including but not limited to any such information generated in the performance of work under this Agreement (collectively the Discloser's "Confidential Information").

6.2 USE & PROTECTION OF INFORMATION. Recipient shall use the Confidential Information solely for the purpose(s) of performing this Agreement and not for their own or other's benefit, and Recipient shall protect Information from any use, distribution or disclosure except as permitted hereunder. Recipient will use the same standard of care to protect Confidential Information as Recipient uses to protect its own similar confidential and proprietary information, but not less than a reasonable standard of care. TBI's (or its parent's) Service, Customers, marketing methods, results etc. shall not be disclosed to or used for the benefit of any other entity than TBI, and shall remain the exclusive property of TBI

6.3 OWNERSHIP, COPYING & RETURN OF INFORMATION. Confidential Information remains at all times the property of Discloser and no license or other rights in the Confidential Information is granted hereby, except as provided for in this Agreement. Recipient may make tangible or electronic copies, notes, summaries or extracts of Confidential Information only as necessary for use as authorized herein. All such tangible or electronic copies, notes, summaries or extracts must be marked with the same confidential and proprietary notice as appears on the original. Upon Discloser's request, all or any requested portion of the Confidential Information (including, but not limited to, tangible and electronic copies, notes, summaries or extracts of any Confidential Information) will be promptly returned to Discloser or destroyed, and Recipient will provide Discloser with written certification stating that such Confidential Information has been returned or destroyed.

6.4 EXCEPTIONS. The restrictions in Section 6.2 shall not apply to any Confidential Information that the Recipient can prove: (i) was in the public domain at the time it was disclosed or has entered the public domain through no fault of the Recipient; (ii) was known to the Recipient, without restriction, at

the time of disclosure; (iii) is disclosed with the prior written approval of the Discloser; (iv) is entirely independently developed by the Recipient without any use of the Confidential Information; or (v) is disclosed pursuant to the order or requirement of a court, administrative agency, or other governmental body; except marketing methods; provided, however, that the Recipient shall provide prompt notice thereof to the Discloser to enable the Discloser to seek a protective order or otherwise prevent or restrict such disclosure.

6.5 EQUITABLE RELIEF. Recipient acknowledges and agrees that any breach or threatened breach of this Agreement is likely to cause Discloser irreparable harm for which money damages may not be an appropriate or sufficient remedy. Recipient therefore agrees that Discloser or its Affiliates, as the case may be, are entitled to seek, wherever it deems appropriate, injunctive or other equitable relief to remedy or prevent any breach or threatened breach of this

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Agreement. Such remedy is not the exclusive remedy for any breach or threatened breach of this Agreement, but is in addition to all other rights and remedies available at law or in equity.

6.6 SURVIVAL OF CONFIDENTIALITY OBLIGATIONS. The parties' rights and obligations under this Section 6 shall survive and continue in effect until three (3) years after the expiration or termination date of this Agreement with regard to all Information exchanged during the term of this Agreement. Thereafter, the parties' rights and obligations hereunder survive and continue in effect with respect to any Confidential Information that is a trade secret under applicable law.

## 7. GRANT OF LICENSES

7.1 GO2 BRAND MARKS. go2 grants TBI a limited, non-exclusive, non-transferable (except in accordance with an assignment of TBI's rights under this Agreement pursuant to Section 12.1), (with no right to sub-license) license to use, reproduce, display, and transmit go2 Brand Marks solely in connection with the marketing and promotion of the Basic Listings on go2 Directory Services. TBI shall comply with any reasonable usage guidelines that may be provided by go2 from time to time.

7.2 TBI BRAND MARKS. TBI grants go2 a limited, non-exclusive, non-transferable (except in accordance with an assignment of go2's rights under this Agreement pursuant to Section 12.1), (with no right to sub-license), license to use, reproduce, display, and transmit TBI Brand Marks solely in connection with the marketing, promotion and display of the Basic Listings. go2 shall comply with any reasonable usage guidelines that may be provided by TBI from time to time.

## 8. REPRESENTATIONS AND WARRANTIES

Each party makes the following representations and warranties:

8.1 DUE INCORPORATION OR FORMATION; AUTHORIZATION OF AGREEMENTS. The party is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. The party has the full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. The performance provided under this Agreement by the Parties, their respective officers, directors, licensees, subcontractors, employees, and agents under this Agreement, including but not limited use of fax, telephone or email are in compliance with applicable state and federal law.

8.2 NO CONFLICT; NO DEFAULT. Neither the execution, delivery and performance of this Agreement nor the consummation by the party of the transactions contemplated in this Agreement will conflict with, violate or result in a breach of (a) any law, regulation, order, writ, injunction, decree, determination or award of any governmental authority or any arbitrator applicable to such party, and, if applicable, (b) any of the terms, conditions or provisions of the certificate of limited partnership or articles of incorporation or bylaws (or other governing documents) of such party, or (c) any material agreement, including, without limitation, distribution, agency,



marketing, referral or other types of agreements with other wireless telecommunication service or product providers, or (d) any instrument to which such party is or may be bound or to which any of its material properties or assets are subject.

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8.3 AGENCY. TBI represents that it has full authority to offer the go2 Basic Listings and to provide go2 with the Location Information from TBI customers which will be provided with the go2 Basic Listing with other TBI products.

#### 9. DISCLAIMERS

EXCEPT AS EXPRESSLY WARRANTED IN THIS AGREEMENT, EACH PARTY EXPRESSLY DISCLAIMS ANY WARRANTIES (EXPRESS, IMPLIED, OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND COURSE OF DEALING OR COURSE OF PERFORMANCE) , GUARANTIES, REPRESENTATIONS, PROMISES, STATEMENTS, ESTIMATES, CONDITIONS OR OTHER INDUCEMENTS, ORAL, WRITTEN OR OTHERWISE.

#### 10. LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY USE OF THE LOCATION INFORMATION IN THE GO2 DIRECTORY SERVICES, FOR ANY INTERRUPTION OF ANY GO2 DIRECTORY SERVICES, LOSS OF BUSINESS, REVENUE, PROFITS, LOSS OF DATA, INTERRUPTION OF BUSINESS, OR FOR INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FOR CLAIMS UNDER THIS AGREEMENT, ARISING OUT OF THE TERMS AND CONDITIONS OF SALE AND/OR SALE OR USE OF THE SERVICES, BASED IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, IRRESPECTIVE OF THE NUMBER OR NATURE OF CLAIMS.

#### 11. NOTICE

Communications relating to this Agreement must be communicated by certified mail, return receipt requested, telex, facsimile or overnight mail to the following addresses or as may be later designated by written notice of the other party:

TBI, INC:  
4840 E. Jasmine St., Suite 105  
Mesa, Arizona 85205  
Attn: President

With a copy to:  
Law Offices of Lewis & Rocca, LLP  
-----  
40 N. Central Ave.  
-----  
Phoenix, AZ, 85004  
Attn: Randy Papetti

GO2:

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go2 Directory Systems  
18400 Von Karman Avenue, Suite 320  
Irvine, California 92612  
Attn: General Counsel

#### 12. GENERAL

12.1 ASSIGNMENT. Neither Party may assign this Agreement without the prior written consent of the other Party, which shall not be unreasonably

withheld or delayed. Notwithstanding, either Party may assign this entire Agreement without the other Party's consent to a successor entity if such successor receives substantially all of assignor's assets by merger, consolidation, or purchase. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective permitted successors and assigns. Nothing contained in this Agreement, including without limitation any covenants or agreements, is intended to confer on any third person any benefits, rights, or remedies.

12.2 GOVERNING LAW. This Agreement shall be governed by and interpreted under the laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

12.3 LAWS AND REGULATIONS. Each party will comply with all local, municipal, state, federal and governmental laws, orders, codes and regulations in the performance of this Agreement.

12.4 PERMITS AND LICENSES. Each party will obtain and keep current at its expense all governmental permits, certificates and licenses (including professional licenses, if applicable) necessary for its performance of the Services.

12.5 WAIVER. The failure of either Party to enforce any provision of this Agreement shall not be construed to be a waiver of such a provision or the right of such Party thereafter to enforce such provision or any other provision of this Agreement. The waiver of a breach of any term or condition of this Agreement will not constitute the waiver of any other breach of the same or any other term.

12.6 SEVERABILITY. The illegality, invalidity, or unenforceability of any part of this Agreement shall not affect the legality, validity, or enforceability of the remainder of it. If any part of the Agreement shall be found to be illegal, invalid, or unenforceable, this Agreement shall be given such meaning as would make this Agreement legal, valid, and enforceable in order to give effect to the intent of the parties.

12.7 SURVIVAL. Numbered provisions, 4, 5, 6, 8, 9, 10, 11, 12 and 13 will survive the expiration or termination of this Agreement, in addition to any other provisions that by their content are intended to survive the performance, termination or cancellation of this Agreement.

12.8 PUBLICITY. Neither of the parties hereto shall make any public announcement or disclosure respecting the transaction without the consent of the other party except such

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disclosure or announcement as may be required by applicable state or federal laws, rules or regulations, in which case the party so required to make an announcement or disclosure shall promptly notify the other party and discuss with the other party in good faith the precise wording of such announcement or disclosure. Both parties agree to use their best efforts to confidentially treat any document filed with any governmental agency, including the Securities and Exchange Commission, and/or to keep confidential the price, terms and conditions of the terms hereof to the fullest extent possible.

12.9 HEADINGS; CONSTRUCTION. The headings of the various articles and sections in this Agreement are for convenience and reference only, and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement. Whenever the context requires, the words denoting the singular number may include the plural number, words denoting the plural number may include the singular number, and words denoting one gender will include any other gender.

12.10 FORCE MAJEURE. If either Party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any cause beyond the reasonable control of the Party invoking this provision, the affected Party's performance will be excused and the time for performance will

be extended for the period of delay or inability to perform due to such occurrence.

12.11 COUNTERPARTS/FACSIMILE. The Parties agree that this Agreement may be executed in counterparts and that a Party's facsimile signature will be deemed binding acceptance of this Agreement, and any subsequent written documents, by such party.

13. ENTIRE AGREEMENT

This Agreement, together with the exhibits hereto, sets forth the entire and final understanding of the parties as to the subject matter hereof and supersedes all prior or contemporaneous Agreements, discussions, and correspondence pertaining to the subject matter hereof. Any preprinted terms and conditions on any order, invoice, statement, etc. Issued in connection with any schedule(s) hereunder by either party will be of no force and effect. This Agreement may not be amended or modified except by written document signed by duly authorized representatives of both parties. In the event of an inconsistency between the terms of this Agreement and those of any other oral or written Agreement between the parties, the provisions of this Agreement shall control.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and do each hereby warrant and represent that their respective signatory whose signature appears below has been and is on the Effective Date duly authorized by all necessary and appropriate corporate action to execute this Agreement.

UDS DIRECTORY CORP., D/B/A  
GO2 DIRECTORY SYSTEMS

TELCO BILLING, INC.

/s/ Lee Hancock

/s/ Angelo Tullo

By: Lee Hancock, CEO

By: Angelo Tullo, President

Date: 8/26/03

Date: 8/25/03

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EXHIBIT A

PROMINENCE OF BASIC LISTINGS IN  
GO2'S ONLINE AND MOBILE DIRECTORY SERVICE

[SEE BOXES HIGHLIGHTED IN RED]

[GRAPHIC OMITED]

[GRAPHIC OMITED]

Listing will include a link to a website address via a "Web Link" Icon or linked text such as the listed company's name.

[GRAPHIC OMITED]

[GRAPHIC OMITED]

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EXHIBIT B

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FIELDS OF LOCATION INFORMATION

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- Business Name
- Street Address
- City, State, Zip Code
- Phone Number
- Web Site Address
- Email Address
- One Business Category

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EXHIBIT C

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BASIC LISTING PRICING

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First Year:

No. of Locations:

Less than 100,000	\$ .30 per month per listing
More than 100,000 but less than 200,000	\$ .175 per month per listing
More than 200,000 but less than 300,000	\$ .07 per month per listing
300,000 or more	\$ .05 per month per listing

Example: The total fee for 301,000 listings would be \$15,050.00 per month.

Subsequent Years:

The Basic Listing Prices for any years after the initial year shall be subject to a percentage increase over the prior years' Basic Listing Prices determined as follows:

$$\% \text{ increase} = \frac{\text{(total page views in June, July, August of current year)}}{\text{(total page views in June, July, August of the prior year)}}$$

For example, if the total go2 page views for June, July and August, 2004, are 36,000,000, and the total go2 page views for June, July and August of 2003 are 30,000,000, then the percentage increase would be 20%, and the Basic Listing Price for more than 300,000 listings increase to \$.066 at the beginning of the next annual term.

Notwithstanding the forgoing, in the second year of this Agreement the Basic Listing Prices shall not be greater 150% of the First Year Basic Listing Prices and in the third year of this Agreement the Basic Listing Prices shall not be greater than 100% of the First Year Basic Listing Prices.

EXHIBIT D

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<TABLE>  
<CAPTION>

PREMIUM LISTING FIELDS

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DIRECTORY FIELDS:

EXAMPLES

<S>

<C>

BASIC REGISTRATION INFORMATION:

Business Name	Joe's Pizza
Street Address	12453 Marigold Lane, No. 418
City, State, Zip	Albuquerque, New Mexico 73455
Country (USA only)	USA
Main Telephone Number	508.434.9949
Business Category 1	Restaurant

ENHANCED REGISTRATION INFORMATION:

Display Telephone Number	800-JOPIZZA
Email Address	jpi@hotmail.com
WebSite URL	www.joespizza.com
Fax Number	508.434.9972
Normal Hours of Operation	Monday CLOSED Tuesday 11:00am to 10:00pm Wednesday 11:00am to 10:00pm Thursday 11:00am to 10:00pm Friday 11:00am to 12:00am Saturday OPEN 24 HOURS Sunday 12:01am to 9:00pm
Special/Holiday Hours	Closing at Noon on Christmas Eve.; Closed on Christmas Day
Payment Options	Choose From Following (all that apply) Company Checks Personal Checks Cash Diners Club Money Orders Debit Card ATM Foodstamps American Express Mastercard Discover Visa Cashiers Checks

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Government Issued Card  
Cash Not Accepted

Business Tagline/Slogan	Joes Knows Pizza
Up to Two Additional Business Categories	
Business Category 2	Pizza
Business Category 3	Italian Food
Keywords (pipe delimited list)	Restaurants Fast Food Breakfast Lunch
Brands (pipe delimited list)	Gray Poupon Heinz Coke
Up to Two Additional Phone Numbers and Types	
Additional Phone Number Description 1	After Hours Emergency

Additional Phone Number 1	508.233.4483
Additional Phone Number Description 2	For Customer Complaints
Additional Phone Number 2	508.233.4484
Establishment Date:	03/06/2002
Promotional Message	Sunday Nights: Free Breadsticks with Every Pizza

DIRECTORY FIELDS:

EXAMPLES

IMAGES AND GRAPHICS:

Logo JPG, GIF (15k max size; 100 X 75 Pixels)	Business Logo
Up to 3 Image Files JPG, GIF (25k max size; 200 X 200 Pixels) Can Include Animated GIFs	
Picture 1	Photo of Premises
Picture 2	Menu or other Graphic
Picture 3	Other Picture

NAVIGATION INFORMATION:

Nearest Major Cross Street 1	Jamboree
Nearest Major Cross Street 2	Von Karman

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CONFIDENTIAL

Alternate Directory Address	Section A; 2th Floor, Store 32
Alternate Directory Entrance	Next to Sears
Special Directions	We're south of the 10 off the North Angeles Trafficway exit. Turn into Big H Center at Higgenbotham signal. Park by Staples and walk to food court along courtyard on the North Side Staples. During Traffic, Enter Big H Center off Westerly and head toward the Savon.

</TABLE>

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PROCESSING AGREEMENT

BETWEEN

TELCO BILLING, INC.

AND

INTEGRATED PAYMENT SYSTEMS INC.

AUGUST 26, 2003

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PROCESSING AGREEMENT

This Processing Agreement ("Agreement") is made August 26, 2003, by and between Integrated Payment Systems Inc., located at 12500 East Belford Avenue, Englewood, Colorado 80112 and Telco Billing, Inc. with its principal office located at 806 Buchanan Blvd #115-250, Boulder City, NV 89005.

WITNESSETH

WHEREAS, Customer (as defined below) offers its Clients (as defined below) a financial services Program (as defined below); and

WHEREAS, IPS (as defined below) will provide or arrange the services described herein in support of the Program;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound, the parties hereby agree as follows:

ARTICLE I.  
DEFINED TERMS

Section 1.01 Definitions. Unless the context otherwise requires,

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capitalized terms used herein shall have the meanings specified below:

"Account" means the account(s) which Customer has established for a particular  
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Client.

"Affiliate" means, with respect to any Entity, any other Entity which, directly  
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or indirectly, owns or controls, is owned or controlled by, or is under common ownership or common control with such Entity. As used herein, "Ownership" means the beneficial ownership of 50% or more of the equity securities of the Entity.

"Agreement" means this Processing Agreement and the exhibits and schedules  
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thereto.

"Association" means the National Automated Clearinghouse Association, the  
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Central Regional Funds Transfer System, and the successors and assigns of the foregoing, as may be required to support processing of the Checks processed for customer's Clients.

"Association Rules" means the agreements, bylaws, rules, operating regulations  
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and similar governing provisions with which the Associations require compliance.

"Bank" means the financial institutions designated by IPS from time to time, which provide IPS with authority to use the Numbers and/or which hold the customer's Settlement Account. The original Bank hereunder (for both such purposes) is Bank One, National Association.

"Business Day" means any day other than a Saturday, Sunday or other day on which  
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any Bank or the relevant Federal Reserve Bank are not open to the public for carrying on substantially all of

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their banking functions or any holiday when the Federal Reserve Banks are not performing check clearing functions. The relevant Federal Reserve Bank means the local Federal Reserve Bank, or local branch of the Federal Reserve Bank from which the IPS check processing facility receives Check presentments.

"Check" shall mean any check, draft or item processed by IPS for Customer under  
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this Agreement.

"Client" means any client of Customer who participates in the Program.

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"Client Agreement" means the agreements and disclosures between Customer and its  
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Client with respect to the Program.

"Customer" has the meaning set forth in Section 1.02.  
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"Customer's Proprietary Information" has the meaning set forth in Section 11.01.  
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"Enhancement" has the meaning set forth in Section 2.04.  
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"Entity" means a corporation, partnership, limited liability company, sole  
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proprietorship, joint venture, or other form of organization.

"Extension Period" has the meaning set forth in Section 9.01.  
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"Fee Account" means the deposit account(s) designated by Customer from time to  
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time with IPS's consent for purposes of effecting the payment of fees, charges  
or other payments payable by Customer to IPS under this Agreement. The initial  
Fee Account shall be customer's deposit account # to be determined at Bank One  
N.A. Columbus.

"Indemnified Party" has the meaning set forth in Section 6.01.  
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"Indemnifying Party" has the meaning set forth in Section 6.01.  
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"Term" has the meaning set forth in Section 9.01.  
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"Insolvency Event" occurs, with respect to any party, when such party:  
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(i) is dissolved, becomes insolvent, generally fails to pay or admits  
in writing its inability generally to pay its debts as they become due;

(ii) makes a general assignment, arrangement, or composition agreement  
with or for the benefit of its creditors; or files a petition in bankruptcy  
or institutes any action under federal or state law for the relief of  
debtors or seeks or consents to the appointment of an administrator,  
receiver, custodian, or similar official for the wind up of its business  
(or has such a petition or action filed against it and such petition,  
action or appointment is not dismissed or stayed within ninety (90) days).

"IPS" has the meaning set forth in Section 1.02.  
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"IPS System" means the Check processing and imaging systems, computer equipment,  
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computer software and related equipment, documentation and other systems and  
processes used at any time and from time to time by IPS to provide the Services.

"IPS's Proprietary Information" has the meaning set forth in Section 11.02.  
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"Legal Requirements" means all federal, state and local laws, regulations and  
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judicial and administrative decisions and interpretations applicable to the  
Program, including laws applicable to privacy of consumer information, billing  
error resolution, periodic statements, initial disclosures, product and service  
terms and conditions, customer solicitation and advertising, application  
processing, approval or denial, collections, customer service, drawee bank  
obligations under Uniform Commercial Code Articles 3 and 4, financial  
institution obligations under Federal Reserve Regulations E, J, T, CC and DD,  
provisions of applicable federal and state truth in savings, expedited funds  
availability, fair credit reporting and electronic fund transfers laws and all  
laws and regulations applicable to customer's business, including applicable  
SEC, NASD and SIPA regulations.

"Minimum Processing Fees" has the meaning set forth in Section 4.03.  
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"Numbers" means the routing and transit numbers used to process Checks under  
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this Agreement.

"Processing Fees" means all fees and charges for Services performed by IPS for  
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Customer at the rates and prices set forth in the Service Schedules (including



the Minimum Processing Fee shortfall payments), as adjusted from time to time by IPS consistent with this Agreement, with the exception of Special Fees and specifically excluding all charges for taxes and interest.

"Program" means the financial services program offered by Customer to its  
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Clients and supported or enabled by the Services.

"Service Schedules" means Schedules 1, 2, and 3 and any new or modified  
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schedules setting forth the terms and conditions for the Services to be provided pursuant to the Agreement.

"Services" means the services as described in the Service Schedules (attached  
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hereto) to be provided or arranged by IPS in the United States in support of or to enable the Program.

"Settlement Account" means the deposit account(s) which IPS directs Customer to  
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establish from time to time for purposes of effecting settlement of Checks with IPS. The Settlement Account shall be Customer's deposit account # to be determined at Bank One, National Association.

"Special Fees" means the amounts payable by Customer on a pass-through or  
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reimbursement basis for services or goods provided by a third party, including tariff line rates, WATS lines rates, data circuit charges and any other rates charged to IPS by a communications common carrier, postage costs, courier costs and costs of forms, as described in the Service Schedules, attached hereto.

"Term" means the Initial Term together with any Extension Period or any other  
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extension of this Agreement.

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"Total Annual Processing Fees" has the meaning set forth in Section 4.03.  
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"Uniform Commercial Code" means the Uniform Commercial Code as in effect in the  
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state in which the IPS check processing facility receiving the Checks is located.

"User Manuals" means each of the user manuals described in the Service  
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Schedules, as shall be provided by IPS from time to time.

Section 1.02 Interpretation. Each definition in this Agreement includes the  
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singular and the plural and the word "including" (and its derivatives) means "including but not limited to". References to any statute, rule, regulation or requirement mean such statute, rule, regulation or requirement as amended at the time and include(s) any successor or additional statute, rule, regulation or requirement. Unless the context requires otherwise, references to "IPS" mean Integrated Payment Systems Inc. and its Affiliates, and its and their respective successors and assigns, providing or arranging the Services. Unless the context requires otherwise, references to "Customer" mean Telco Billing, Inc. and its Affiliates receiving the Services. Except for the definitions contained in Article I hereof, the section headings in this Agreement are for the purposes of reference only and shall not limit or otherwise affect any of the terms hereof. Except as otherwise stated, references to Articles, Sections, exhibits and schedules mean the Articles, Sections, exhibits and schedules attached to and made a part of this Agreement.

## ARTICLE II. SERVICES AND CONDUCT OF THE PROGRAM

Section 2.01 Services. IPS shall provide or arrange for the Services  
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described in the Services Schedules. The Service Schedules and any document or service referred to therein shall be subject to revision in writing by IPS and communicated to Customer from time to time during the Term of this Agreement to reflect changes and improvements to the IPS System or the Services provided by IPS and offered generally to IPS's customers and to reflect any changes and improvements in the specific Services provided to Customer. IPS shall not delete any services without providing Customer with 90 days' written notice.

Section 2.02 Communication Links. Except as may otherwise be agreed to by  
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the parties in writing, IPS shall periodically install, provide or cause to be installed or provided the means for communicating data and images from its facilities or equipment to the facilities or equipment of Customer, as IPS determines is desirable to perform this Agreement. The method of transmission and the media employed will be determined by IPS taking into consideration relevant factors such as traffic type, inbound and outbound message sizes, traffic loading distribution, and the equipment or devices which are or may be

used.

Section 2.03 Implementation. The parties agree to cooperate in  
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implementation and commencement of the Services.

Section 2.04 Enhancement of Services. Customer may periodically request  
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customizations, enhancements, additions or modifications (each an "Enhancement")  
to the IPS System. IPS shall evaluate all such requests and, if terms and  
conditions can be agreed to, in writing (which shall include payment by Customer  
of IPS's development charges), and provided Customer has agreed

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to such changes in advance, IPS shall develop and implement each such  
Enhancement on terms and conditions agreed to by the parties in writing. Timing  
of any Enhancement is subject to scheduling and prioritization by IPS of IPS's  
available resources. IPS may withhold its consent to an Enhancement, which in  
IPS's sole discretion, would materially and adversely affect IPS's operations.  
Any Enhancement shall remain solely the property of IPS and Customer shall  
acquire no right, claim or interest in or to the IPS System. If Customer pays  
for the cost of developing an Enhancement, then IPS agrees that it will grant to  
Customer an exclusive license to use such Enhancement for a period of nine (9)  
months from installation of such Enhancement. However, if another IPS client  
independently, without IPS' advice or input, requests the same Enhancement  
during that nine (9) month period, IPS shall not be prohibited from offering  
such Enhancement to that client. At the end of the nine (9) month period, IPS  
may provide the associated Enhancement to any or all other IPS clients.

Section 2.05 Customer Responsibilities. During the Term of this Agreement,  
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Customer understands and agrees that provision of the Services is conditioned  
upon Customer's ongoing fulfillment of its responsibilities in this Agreement,  
including the establishment and timely funding of the Settlement Account and  
making the other payments required as set forth herein.

Section 2.06 Bank. Checks processed hereunder will contain an  
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identification of, and Numbers assigned by Bank, and drawee bank of the Checks  
which Customer makes available to its Clients. IPS represents that Bank has  
granted IPS the right to authorize the use of the Numbers on Checks and has  
granted IPS the right to permit the use of the bank's name and marks on Checks.  
Customer acknowledges and agrees that Bank has no obligation or liability to  
Customer or its Clients in connection with this Agreement, the Services, the  
Program, the Checks or IPS's acts or omissions hereunder. Customer agrees to  
make no claim against Bank arising out of or related to the foregoing matters.

Section 2.07 IPS Role. Customer acknowledges and agrees that IPS is not a  
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financial institution and will not be taking deposits or making loans hereunder  
IPS agrees to take commercially reasonable steps to assure IPS's continued  
rights to authorize use of the original Numbers contemplated hereby. If such  
steps are unsuccessful, then IPS shall use commercially reasonable efforts to  
obtain rights to authorize the use of substitute Numbers. If, despite the  
foregoing, IPS is unable to authorize the use of Numbers necessary to provide  
the Services, then IPS may terminate this Agreement as provided in Section  
10.01.

Section 2.08 (a) Check Settlement. Customer shall open and maintain a  
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Settlement Account(s) at Bank. Each Business Day, Customer shall settle Checks  
with IPS by 1:00 p.m. Eastern Time on the Business Day of presentment. Daily  
settlements shall be completed in aggregate amounts as specified by IPS, taking  
into account returns, charge backs, adjustments and incoming credits. For  
purposes hereof, a settlement obligation shall not be deemed fulfilled until  
Customer has caused immediately available funds sufficient to satisfy such  
obligation to be on deposit in the Settlement Account. Customer consents to  
IPS's initiation of debits or credits to the Settlement Account for purposes of  
completing settlement with respect to checks.

(b) Settlement Failures. Customer understands and agrees that in the  
-----  
event it fails to fully satisfy its settlement obligations in a timely manner as  
required by Section 2.08(a), above,

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IPS and/or Bank shall be entitled (but not obligated), immediately and without  
prior written notice to Customer or its Clients, to: (i) return all Checks for  
which Customer has failed to settle and all subsequently presented Checks; (ii)  
instruct any relevant clearing organization not to present and/or to return all  
subsequently presented Checks; (iii) pursue all other remedies set forth in this  
Agreement or any schedule or exhibit hereto; and (iv) pursue all other legal and  
equitable remedies, including, without limitation, reimbursement for the amount  
of any such Checks for which IPS is held responsible from Customer or Customer's  
Client(s), and to recover the actual and reasonable costs and expenses of  
exercising the preceding rights in clauses (i) through (iv). In any such event  
in which a partial settlement is received, IPS shall, in addition to the other

remedies set forth or referred to herein, be permitted to allocate the partial settlement to such Checks as it deems appropriate in its sole and absolute discretion. TIME IS OF THE ESSENCE IN CUSTOMER'S FULFILLMENT OF ITS SETTLEMENT OBLIGATIONS HEREUNDER.

ARTICLE III.  
COMPLIANCE

Section 3.01 Compliance with Law. (a) Customer acknowledges that IPS

provides services to customers regulated by various state and federal agencies such that IPS cannot reasonably be expected to monitor or interpret the laws applicable to its diverse customer base, or provide compliance services to customers with respect to such laws. Consequently, except as set forth in Section 3.03 hereof, Customer agrees that IPS has no responsibility to monitor or interpret the Legal Requirements applicable to Customer's business or the Program, to monitor or review the terms and conditions of the Program, Client Agreements or Customer's selection of system options and programming, or to assure that Customer's selection of any system option or programming (either alone or acting in conjunction with other system options and programming selected by Customer) is consistent with the Legal Requirements or the terms and conditions of Client Agreements. IPS shall be entitled to rely upon and use, without verification, any and all information, data and instructions at any time submitted to IPS by Customer having to do with Customer or Client Agreements or Accounts. Except as set forth in Section 3.03 hereof, IPS shall have no responsibility or liability whatsoever for (i) the accuracy or inaccuracy of such information, data and instructions, (ii) the wording or text authored or submitted by Customer to IPS, (iii) the wording or text appearing on any forms, Checks or other materials used by Customer or furnished by Customer to IPS or by IPS to Customer, or (iv) any noncompliance of such information, data instruction, wording or text with the Legal Requirements.

Except as set out in Section 3.03 hereof, Customer is solely responsible for (i) monitoring and interpreting the Legal Requirements, (ii) determining the particular actions, disclosures, formulas, calculations and procedures required for compliance with the Legal Requirements (whether to be performed by IPS or by Customer) and (iii) maintaining an ongoing program for compliance, including records retention, with the Legal Requirements. In addition, Customer is solely responsible for reviewing and selecting the parameter settings and programming features and options available within the IPS System that will apply to customer's Program, and for determining that its selection of such settings, features and options is consistent with the Legal Requirements and with the terms and conditions of Client Agreements and Accounts and disclosures to its Clients. IPS's obligation hereunder shall be to comply with the Service

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Schedules, attached hereto; IPS will not be responsible for any violation by Customer of a Legal Requirement. Subject to the terms of Article 11, IPS and Customer shall cooperate with each other in providing information or records in connection with examinations, requests or proceedings of each other's and bank's regulatory authorities.

Section 3.02 Compliance with Association Rules. Customer acknowledges that

operation of the Program is dependent upon the benefits afforded by the Associations and the access thereto afforded by this Agreement. Customer shall be solely responsible for compliance with all Association Rules, relevant to the operation of the Program, including Association member responsibilities relevant to the processing of Checks hereunder, and Clients' rights in connection therewith, and regardless of whether such compliance obligation is Bank's as an Association member under the applicable Association Rule.

Section 3.03 IPS Compliance Review. IPS shall be permitted to review such

aspects of the Program as it deems necessary, to impose such requirements in connection therewith (including requirements concerning the form and content of Client Agreements and disclosures) and to take such actions as it may deem necessary in order to prevent IPS or Bank from being considered to be in violation of any law, regulation, judicial or administrative decision or interpretation, or of any Association Rule. IPS shall indemnify Customer for any violations of Legal Requirements based on IPS's requirements.

Section 3.04 Customer Responsibility. Nothing in this Agreement, no course

of dealing and no act or omission by IPS in the course of performance hereof (including any requirement imposed pursuant to Section 3.03) shall be construed as constituting an assumption by IPS of any of Customer's obligations, responsibilities or liabilities under applicable Legal Requirements or Association Rules.

ARTICLE IV.  
PROCESSING FEES, PAYMENT AND TAXES

Section 4.01 Fees. Customer shall pay IPS fees (the "Fees") based on the

rates set forth in the attached Schedules. The Fee for each Service performed

by IPS shall be calculated by multiplying the volume of each such Service performed by the applicable rates, plus any ancillary, pass-through or other charges described in the attached Schedules. The Fees shall not be increased during the Term.

Section 4.02 Special Fees. Customer shall pay to IPS the Special Fees for -----  
amounts paid to third party providers computed in accordance with the Service Schedules. If, at any time while this Agreement is in effect, the charges are increased to IPS for items which are included in the Special Fees or IPS obtains communication or other services included in the Special Fees by another method, resulting in an increase in the charges to IPS for such items, then IPS shall increase by an equal amount the Special Fees Customer is then paying IPS for such items under this Agreement. Such price change by IPS shall be effective on the effective date the increase to Customer. IPS shall provide written notice of such increases to the Customer thirty (30) days prior to any increase in special fees.

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Section 4.03 Minimum Fees. For each month during the Term, Customer will be -----  
required and shall pay IPS for processing services sufficient to generate aggregate Processing Fees during each such month in an amount equal to at least \$1,500 (the "Minimum Processing Fee"). IPS shall, on a monthly basis, calculate the total Processing Fees paid by Customer in respect of services performed during each such month and draw upon Customer's Fee Account pursuant to Section 4.04 for the amount, if any, by which the Processing Fee for the month in question is less than the Minimum Processing Fee. For the avoidance of doubt and based on economic assumptions material to each party underlying this transaction, Customer and IPS expressly agree that Customer shall pay IPS Processing Fees each month in an amount at least equal to the Minimum Processing Fees until this Agreement is terminated by Customer solely pursuant to the provisions of Section 10.02 or until IPS terminates this Agreement and invokes compensatory payments pursuant to Section 10.04.

Section 4.04 Method of Payment. To facilitate the payment of Processing -----  
Fees, Special Fees, compensatory payments pursuant to Section 10.04 and any other fee, tax, interest payment, charge or amount due or payable to IPS under this Agreement, Customer hereby authorizes IPS to directly debit without signature Customer's Fee Account. IPS may debit the Fee Account to pay fees, taxes, interest payments, charges, or any other amounts due or payable to IPS under the terms of this Agreement. The detailed records of the amounts drawn on the Fee Account will be provided by IPS to Customer on a monthly basis.

Section 4.05 Interest. If IPS is unable to obtain payment of Processing -----  
Fees, Special Fees, or the compensatory payments pursuant to Section 10.04 or any other fee, tax, interest payment, charge or amount due or payable to IPS under this Agreement at the time provided for payment under this Agreement, the unpaid amount of any Processing Fees, Special Fees, or compensatory payments pursuant to Section 10.04 or other fee, tax, interest payment, charge or amount shall bear interest at the rate equal to the lesser of (a) ten percent (10%) per annum, or (b) the prime rate permitted plus 0.50%, from the date on which payment should have been available until the date on which IPS receives the payment.

Section 4.06 Taxes. Customer shall pay all taxes and similar charges, -----  
however designated, which are imposed by any governmental authority by reason of IPS's fulfillment of its obligations hereunder except for income taxes payable by IPS on amounts earned by IPS. Without limiting the foregoing, Customer shall promptly pay IPS for any such amounts actually paid or required to be collected or paid by IPS pursuant to the terms of this Agreement. Customer authorizes IPS to calculate the total amount of sales taxes due from Customer hereunder. Customer shall supply IPS with all reasonable information necessary for IPS to compute and remit the taxes (including any tax-exempt certificate, claim letter, or similar documentation). IPS shall remit the sales taxes to the appropriate taxing authority on behalf of Customer based on the information available to IPS. If IPS underpays or overpays such sales taxes, Customer shall be responsible for promptly paying any shortfalls (including any penalties or interest) and for collecting any refunds from the appropriate taxing authority; provided, however, if such underpayment is solely the result of the negligence of IPS, IPS shall be responsible for any penalties and interest associated with such underpayment.

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ARTICLE V.  
EXCLUSIVITY

[OMITTED INTENTIONALLY.]

ARTICLE VI.  
INDEMNIFICATION

(a) Customer's Indemnification. Customer shall indemnify and hold

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harmless IPS, its Affiliates, Bank, and its and their respective directors, officers, employees, and agents (collectively, the "IPS Group") from and against any and all third party claims, liabilities, losses and damages (including reasonable and actual attorneys fees, expert witness fees, reasonable and actual expenses and costs of settlement) arising out of or with respect to this Agreement, to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of (i) a material breach by Customer of any of its duties or obligations under this Agreement, (ii) a claim or action in any type of proceeding or litigation or accruing by way of judicial, governmental or regulatory actions of any kind, and arising by reason of the Program, IPS's provision of the Services, the handling or processing of Checks or support of the Program, (iii) a claim or action brought by any Client in respect of Checks or a breach of this Agreement by Customer, or (iv) a claim or action arising from or brought as a result of Customer's instruction to IPS to return a Check, or (v) a claim or action for any actual or alleged infringement of any patent, copyright, trade secret or other proprietary rights of any person in connection with the development of software or systems to support an Enhancement requested by Customer using designs or specifications provided by Customer.

Customer shall not have any obligation to indemnify the IPS Group against any claim, liability, loss or damage the IPS Group may suffer arising out of the IPS Group's negligence or willful misconduct.

(b) IPS's Indemnification. IPS shall indemnify Customer, its

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Affiliates, and its and their respective directors, officers, employees and agents (collectively, the "Customer Group") from and against any and all third party claims, liabilities, losses or damages (including reasonable and actual attorneys' fees, expert witness fees, reasonable and actual expenses and costs of settlement) arising out of or with respect to this Agreement to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of (i) the material breach by IPS of any of its duties or obligations under this Agreement, or (ii) a claim or action against the Customer Group for actual or alleged infringement of any patent, copyright, trade secret or other proprietary rights of any person by the IPS System or any part thereof, except to the extent such claim is caused by (x) Customer's failure to use the IPS System as permitted under this Agreement, or (y) Customer's use of the IPS System in combination with other software or systems not expressly authorized by IPS, or (z) the development of software by IPS to support an Enhancement requested by Customer using designs or specifications provided by Customer. The

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provisions of this paragraph shall not be applicable in the case of such liability, claim, demand or dispute that arises out of Customer Group's gross negligence or willful misconduct.

(c) Notification. In the event a claim, suit or proceeding by a third

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party for which indemnification may be available under this Agreement is made or filed against a party or any person or Entity, the party, person or Entity against which the claim, suit or proceeding is made (the "Indemnified Party"), shall promptly notify the other party (the "Indemnifying Party") in writing of the claim, suit or proceeding. The Indemnifying Party, within thirty (30) days, or such shorter period as is required to avoid any prejudice in the claim, suit or proceeding, after the notice, may elect to defend, compromise, or settle the third party claim, suit or proceeding at its expense. In any third party claim, suit or proceeding which the Indemnifying Party has elected to defend, compromise or settle, the Indemnifying Party shall not after the election be responsible for the expenses, including counsel fees, of the Indemnified Party but the Indemnified Party may participate therein and retain counsel at its own expense. In any third party claim, suit or proceeding the defense of which the Indemnifying Party shall have assumed, the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the consent of the Indemnifying Party and the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement affecting the Indemnified Party to the extent that the judgment or settlement involves more than the payment of money without the written consent of the Indemnified Party. The Indemnified Party shall provide to the Indemnifying Party all information, assistance and authority reasonably requested in order to evaluate any third party claim, suit or proceeding and effect any defense, compromise or settlement.

(d) Claims Period. Any claim for indemnification under this Agreement

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must be made prior to one year after the party, person, or Entity claiming indemnification becomes aware of the event for which indemnification is claimed. The indemnification provisions set forth in this Section 6.01 shall survive termination of this agreement.

Section 7.01 Limitation of Liability. IPS's cumulative liability for any  
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loss or damage, direct or indirect, for any cause whatsoever (including, but not  
limited to those arising out of or related to this Agreement) with respect to  
claims (whether third party claims, indemnity claims or otherwise) relating to  
events during any twelve-month period shall not under any circumstances exceed  
the lesser of (i) the amount of Fees actually received by IPS during such period  
or (ii) \$1,000,000.

Section 7.02 No Special Damages. IN NO EVENT SHALL IPS BE LIABLE UNDER ANY  
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THEORY FOR ANY LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT  
OR CONSEQUENTIAL DAMAGES.

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ARTICLE VIII.  
DISCLAIMER OF WARRANTIES

Section 8.01 IPS SPECIFICALLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS  
-----  
OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR  
PURPOSE, ARISING OUT OF OR RELATED TO THIS AGREEMENT.

ARTICLE IX.  
TERM OF AGREEMENT

Section 9.01 Term. This Agreement shall be effective as of the date  
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hereof, and, unless terminated earlier as provided herein, shall expire three  
years after such date (the "Term"). Upon expiration of the Term, this Agreement  
shall remain in full force and effect for a hold over term until terminated by  
either party with ninety (90) days prior written notice.

ARTICLE X.  
TERMINATION

Section 10.01 Termination by IPS. IPS may terminate this Agreement:  
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(a) if Customer fails to establish the Fee Account required by Section  
4.04 of this Agreement within three business days () after written notice of its  
failure to establish the account or fails to maintain the Fee Account;

(b) if IPS is unable to receive payment from Customer because  
sufficient funds are not available in the Fee Account established pursuant to  
Section 4.04 of this Agreement and Customer, within three business days after  
written notice or fails to provide and maintain sufficient funds in the Fee  
Account to permit IPS to receive full payment from the account;

(c) without limiting any of IPS's rights or remedies pursuant to  
Section 2.08 herein, if Customer fails to pay any amount due under this  
Agreement which does not give rise to the right to terminate under any other  
provision of this Section 10.01 within three business days after written notice  
to Customer of its failure to pay the amount;

(d) if any Insolvency Event occurs with respect to Customer;

(e) if IPS is required to discontinue its support of the Program, in  
whole or in part, based on an order, decree, memorandum of understanding,  
agreement or similar basis which was initiated by state or federal regulatory  
authorities; or

(f) if Customer materially breaches this Agreement and fails to cure  
such breach within 30 days written notice of such breach by IPS.

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The rights of IPS to terminate this Agreement under this Section 10.01 are  
cumulative and the existence of the right under any provision or subsection is  
not exclusive of the right under any other provision or subsection.

Section 10.02 Termination by Customer. Customer may terminate this  
-----  
Agreement:

(a) if any Insolvency Event occurs with respect to IPS;

(b) if IPS materially breaches this Agreement and fails to cure such  
breach within 10 days written notice of such breach by Customer; or

(c) Upon 90 days written notice.

Section 10.03 Effect of Termination. Upon termination, IPS shall have no  
-----  
further obligation to provide Services to Customer and all outstanding unpaid

amounts due and owing to IPS shall become due and payable within 30 days. Expiration or termination of this Agreement shall not affect the following: the obligation of Customer to pay for Services rendered or any other obligation or liability owing or which becomes owing under this Agreement whether the obligations arose prior to or after the date of expiration or termination of the Agreement, including the obligations or payments under Articles IV, VI (except for any indemnity claims barred by Section 6.01(d)), VII, VIII, XI, and XII, and Sections 2.05, 2.08, 3.01, 3.02, 3.04, 10.03, 10.04, 11.07, 13.04, 13.12, 13.13, and 13.15, and the last sentence of Section 2.06 of this Agreement, together with the corresponding exhibits and schedules to each such article or section.

Section 10.04      Payments upon Termination. If IPS elects to terminate this

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Agreement as permitted in Section 10.01(a); 10.01(b); 10.01(c) or 10.01(f) only, Customer and IPS agree that, based on economic assumptions material to each party, Customer shall make a compensatory payment to IPS, in lieu of the Minimum Processing Fee set forth in Section 4.03, computed as provided for in this Section 10.04. Such compensatory payment shall be made by Customer to IPS upon termination, and shall equal: (a) if terminated during the initial twelve (12) month period after date of the execution of this Agreement, ten thousand dollars (\$10,000) plus any development costs incurred by IPS pursuant to this Agreement; or (b) if terminated during the period beginning on the thirteenth (13th) month after execution of this Agreement and ending on the completion of the twenty-fourth month after the date of the execution of this Agreement, five thousand dollars (\$5,000) plus development costs incurred by IPS pursuant to this Agreement. IPS and Customer agree that the compensatory payment set forth in this Section 10.04 is a reasonable estimation, as of the date of this Agreement, of the actual damages which IPS would suffer if IPS were to fail to receive the processing business for the full Term. Despite the foregoing, nothing in this Section 10.04 shall limit IPS's right to recover from Customer any amounts for which Customer is otherwise liable under this Agreement.

#### ARTICLE XI. CONFIDENTIALITY

Section 11.01      Customer's Proprietary Information. Upon Customer's request

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and the expiration or termination of all of IPS's obligations under this Agreement, IPS shall return to Customer all

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of the proprietary and confidential data Customer disclosed to IPS (collectively, "Customer's Proprietary Information").

Section 11.02      IPS's Proprietary Information. Customer acknowledges that all

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products and systems provided or used by IPS, including any developments, enhancements, improvements and modifications disclosed, provided or used by IPS shall remain sole and exclusive property of IPS. In addition, IPS shall retain sole and exclusive ownership in all works of authorship, ideas, concepts, know-how and inventions, whether or not patentable, created by IPS in the course of providing the Services under this Agreement. Customer acknowledges that IPS, in its sole discretion, may provide to other customers, similar services to those to be provided pursuant to this Agreement utilizing any of the IPS intellectual property, product and systems referred to in this Section 11.02 or otherwise set forth or described in this Agreement. Customer shall not obtain any proprietary rights in any proprietary or confidential information which has been or is disclosed to Customer by IPS, including without limitation, any data or information of IPS, Bank, or their respective Affiliates which is a trade secret or competitively sensitive material, screen displays and formats, computer software and documentation, software performance results, flow charts and other specifications (whether or not electronically stored), data and data formats (collectively, "IPS's Proprietary Information") whether any of the materials are developed or purchased specifically for performance of this Agreement or otherwise. Customer shall return to IPS all of IPS's Proprietary Information upon the expiration or termination of this Agreement.

Section 11.03      Confidentiality of Agreement. Except as required by law,

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Customer and IPS shall keep confidential and not disclose, and shall cause its Affiliates, and its and their respective directors, officers, employees, representatives, agents and independent contractors to keep confidential and not disclose, any of the terms and conditions of this Agreement to any third party without the prior mutual written consent of IPS and Customer.

Section 11.04      Confidentiality. IPS and Customer shall maintain Customer's

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Proprietary Information and IPS's Proprietary Information, respectively, in strict confidence. Without limiting the generality of the foregoing, IPS and Customer each agree:

(a) Not to disclose or permit any other person or Entity access to Customer's Proprietary Information or IPS's Proprietary Information, as appropriate, except that the disclosure or access shall be permitted to an employee, officer, director, agent, Affiliate, representative, subcontractor, external or internal auditors or independent contractor of the party requiring access to the same in the course of his or her employment or services, and except that IPS may permit Bank to have access to such Customer Proprietary

Information as is necessary or desirable to provide the Services;

(b) To ensure that its employees, officers, directors, agents, Affiliates, representatives and independent contractors are advised of the confidential nature of Customer's Proprietary Information and IPS's Proprietary Information, as appropriate, and are precluded from taking any action prohibited under this Article 11, provided that in any event Customer and IPS shall each be liable for any breach of this Article 11 by their respective employees, officers, directors, agents, Affiliates, representatives and independent contractors;

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(c) Not to alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of Customer's Proprietary Information or IPS's Proprietary Information, as appropriate; and

(d) To notify the other promptly and in writing of the circumstances surrounding any possession, use or knowledge of Customer's Proprietary Information or IPS's Proprietary Information, as appropriate, at any location or by any person or Entity other than those authorized by this Agreement.

Section 11.05 Release of Information. Despite the foregoing: (i) Customer

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agrees that Customer's Proprietary Information may be made available to Associations or to supervisory or regulatory authorities of Customer, IPS or Bank upon the written request of any of the foregoing; and (ii) IPS may disclose Check information to third parties as necessary in the ordinary course of providing the Services; provided, however, that IPS shall not provide Customer's Proprietary Information to the Bank for any purpose other than the clearing of Customer's checks pursuant to this Agreement.

Section 11.06 Exclusions. Nothing in this Article 11 shall restrict either

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party with respect to information or data identical or similar to that contained in Customer's Proprietary Information or IPS's Proprietary Information, as appropriate, but which:

(a) The receiving party can demonstrate was rightfully possessed by it before it received the information from the disclosing party;

(b) Was in the public domain prior to the date of this Agreement or subsequently becomes publicly available through no fault of the receiving party or any person or Entity acting on its behalf;

(c) Was previously received by the receiving party from a third party or is subsequently furnished rightfully to the receiving party by a third party (no Affiliate of IPS or Customer shall be considered to be a third party) not known to be under restrictions on use or disclosure;

(d) Is independently developed by such party;

(e) Is required to be disclosed by law, regulation or court order, provided that the disclosing party will exercise reasonable efforts to notify the other party prior to disclosure; or

(f) Is required to be disclosed to comply with or to enforce the terms of this Agreement.

Section 11.07 Remedy. If either party breaches this Article 11, the

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non-breaching party will suffer irreparable harm and the total amount of monetary damages for any injury to such party will be impossible to calculate and therefore an inadequate remedy. Accordingly, the non-breaching party may:

(a) Seek temporary and permanent injunctive relief against the breaching party; and

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(b) Exercise any other rights and seek any other remedies to which the non-breaching party may be entitled to at law, in equity and under this Agreement for any violation of this Article 11.

This provision shall survive termination of this Agreement.

ARTICLE XII.  
REPRESENTATIONS AND WARRANTIES

Section 12.01 IPS's Representations. IPS represents and warrants that:

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(a) the execution, delivery and performance of this Agreement do not conflict in any material respect with or constitute a material breach or material default under the terms and conditions of any documents, agreements or other writings to which it is a party;

(b) it is a corporation validly organized and existing under the laws



of the State of Delaware; and

(c) it has full power and authority under its organizational documents and the laws of the State of Delaware to execute and deliver this Agreement and to perform its obligations hereunder.

Section 12.02 Customer's Representations. Customer represents and warrants  
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that:

(a) the execution, delivery and performance of this Agreement do not conflict in any material respect with or constitute a material breach or material default under the terms and conditions of any documents, agreements or other writings to which it is a party;

(b) it is a corporation validly organized and existing under the laws of its state of incorporation; and

(c) it has full power and authority under its organizational documents and federal charter to execute and deliver this Agreement and to perform its obligations hereunder.

ARTICLE XIII.  
MISCELLANEOUS

Section 13.01 Names and Marks. IPS and Customer acknowledge that Customer  
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will be required to identify the Bank, including the use of the Bank's logo or other identifying marks, in the Program, the Client Agreements, and the Checks. Customer will submit the Client Agreements or other documents and materials containing the names or marks of Bank or IPS to IPS for prior written consent to the use of such names or marks in accordance with Section 3.03.

Section 13.02 Assignment. The rights and obligations of Customer are  
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personal and not assignable, either voluntarily or by operation of law, without the prior written consent of IPS.

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Subject to the foregoing, all provisions contained in this Agreement shall extend to and be binding upon the parties hereto or their respective successors and permitted assigns.

Section 13.03 Audit. From time to time during the Term of this Agreement,  
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but not more than once during any twelve-month period, IPS will allow a third party, selected by IPS, to perform an audit of the electronic data processing environment maintained by IPS to provide the Services contemplated under this Agreement. Such third party auditor shall be an audit firm reputable in the marketplace. IPS shall provide Customer with a copy of the results of the audit if Customer requests a copy in writing. From time to time during the Term of this Agreement, Customer will allow IPS, its auditors and regulators, and Bank's regulators to examine the operations and procedures of Customer relative to Clients' Accounts (including Customer's accounting procedures for Checks).

Section 13.04 Risk of Loss. Customer shall be responsible for any and all  
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risk of loss to any tangible item (i) provided by IPS to Customer upon the delivery of such items to the U.S. Postal Service or such other courier as Customer may select, and (ii) provided by Customer to IPS until actual receipt of such items by IPS. It is expressly understood that the U.S. Postal Service and any courier selected by Customer are the agents of Customer and not IPS. IPS's sole responsibility for Checks lost or destroyed while in its actual possession is limited to obtaining a copy thereof, where available, from the appropriate party in accordance with standard banking practices and reprocessing such Check in accordance with the terms hereof.

Section 13.05 Force Majeure. If performance by IPS of any Service or  
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obligation under this Agreement is prevented, restricted, delayed or interfered with by reason of labor disputes, strikes, acts of God, floods, lightning, severe weather, shortages of materials, rationing, utility or communication failures, failure of an Association, failure or delay in receiving electronic data, earthquakes, war, revolution, civil commotion, acts of public enemies, blockade, embargo, or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any government or any judicial authority or representative of any such government, or any other act, omission or cause whatsoever, whether similar to those referred to in this Section, which are beyond the reasonable control of IPS, then IPS shall be excused from the performance to the extent of the prevention, restriction, delay or interference.

Section 13.06 Third Party Beneficiaries. This Agreement is entered into  
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solely for the benefit of IPS and Customer and shall not confer any rights upon any person or Entity not a party to this Agreement, including without limitation, Clients.

Section 13.07 Subcontractors. IPS may subcontract all or any part of the

Services, but, notwithstanding any such subcontract, IPS shall remain primarily responsible for performance of the Services.

Section 13.08 Equal Employment Opportunity. IPS will not discriminate

against any employee or applicant for employment because of race, color, religion, sex, national origin, disability, age or veteran status as ordered by the Secretary of Labor pursuant to Section 202 of Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974.

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Section 13.09 Relationship of the Parties. Nothing contained in this

Agreement shall be deemed to create a partnership, joint venture or similar relationship between the parties. The party's relationship shall be that of independent parties contracting for services. Neither party shall hold itself out as having the authority to bind the other except as specifically provided in connection with Interchange Settlement. All personnel and other agents employed by either party in connection with this Agreement are such party's or its agent's employees and not employees or agents of the other party.

Section 13.10 Severability. In the event any one or more of the provisions

of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable, comes closest to the intention of the parties underlying the invalid, illegal, or unenforceable provision.

Section 13.11 Applicable Law. This Agreement shall be governed by the laws

of the State of Ohio as to all matters including validity, construction, effect, performance and remedies without giving effect to the principles of choice of law thereof, except that with respect to either party's responsibilities under the Uniform Commercial Code concerning Checks, the laws of the state in which the IPS check processing facility receiving the Checks is located shall so govern. With respect to any claim arising out of this Agreement, Customer irrevocably waives any objection which it may have at any time to the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in the courts of the State of Ohio and the United States District Court located in the city of Columbus, Ohio and Customer further waives any claim such suit, action or proceeding is brought in an inconvenient forum and further irrevocably waives the right to object, with respect to such suit, action or proceeding brought in any such court, that such court does not have jurisdiction over Customer. For purposes of any such suit, action or proceeding Customer agrees that any process to be served in connection therewith shall, if delivered, sent or mailed in accordance with Section 13.12, constitute good, proper and sufficient service thereof. It is agreed that the provisions of this agreement relating to arbitration of disputes shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1 et. Seq. and, to the extent not in conflict with the Federal Arbitration Act, by the Commercial Arbitration Rules of the American Arbitration Association.

Section 13.12 Notices. All notices which either party may be required or

desire to give to the other party shall be in writing and shall be given by personal service, teletype, registered mail or certified mail (or its equivalent), or overnight courier to the other party at its respective address or teletype telephone number set forth below. Mailed notices and notices by overnight courier shall be deemed to be given upon actual receipt by the party to be notified. Notices delivered by teletype shall be confirmed in writing by overnight courier and shall be deemed to be given upon actual receipt by the party to be notified.

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If to IPS:

With a copy to:

Integrated Payment Systems Inc.  
4151 Executive Parkway  
Westerville, OH 43081  
Attn: Vice President  
Facsimile: 614-901-4306

Integrated Payment Systems Inc.  
12500 East Belford Avenue  
Engelwood, CO 80112  
Attn: General Counsel  
Facsimile Number: 720-332-0512

If to Customer: With a copy to:

Telco Billing, Inc.  
4840 East Jasmine St., Suite 105  
Mesa Arizona  
Attn: Gail Kayser  
Facsimile Number: 480-654-9727

YP.net Corporation  
4840 East Jasmine St., Suite 105  
Mesa Arizona  
Attn: David Iannini  
Facsimile Number: 480-654-9727

A party may change its address or addresses set forth above by giving the other

party notice of the change in accordance with the provisions of this section.

Section 13.13 Modification, Amendment, Supplement or Waiver. No

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modification, amendment, supplement to or waiver of this Agreement or any of its provisions shall be binding upon Customer or IPS unless made in writing and duly signed by both Customer and IPS. Unless otherwise stated herein, a failure or delay of either Customer or IPS to enforce at any time any of the provisions hereof, or to exercise any option which is herein provided, or to require at any time performance of any of the provisions hereof shall in no way be construed to be a waiver of such provisions of this Agreement.

Section 13.14 Entire Agreement. This Agreement, including the schedules and

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exhibits, if any, sets forth all of the promises, agreements, conditions and understandings between the parties respecting the subject matter hereof and supersedes all negotiations, conversations, discussions, correspondence, memorandums and agreements between the parties concerning the subject matter.

Section 13.15 Arbitration. All disputes, controversies or differences between

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the parties which arise under or are related to this Agreement (including, without limitation, the construction, performance or breach of any agreement) upon which an amicable understanding cannot be reached within 30 days shall, upon the written request of either party, be settled and determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award entered by the arbitrators may be entered in any court having jurisdiction of these matters.

The parties agree to arbitrate within 30 (thirty) days following the transmittal of written demand of either party to arbitrate any dispute arbitrable under this Agreement. Each of the parties shall appoint an arbitrator within thirty (30) days following notice of written demand to arbitrate, notifying the other party of the name and address of such arbitrator. The two arbitrators so appointed shall thereupon select the third arbitrator. If either party shall fail to appoint an arbitrator as herein provided, or should the two arbitrators so named fail to select the third

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arbitrator within thirty (30) days of this appointment, then, in either event, the president of the American Arbitration Association or its successor shall appoint such second and/or third arbitrator. The three arbitrators so selected shall constitute the Court of Arbitrators.

A decision of a majority of the Court of Arbitrators shall be provided within twenty days of the applicable hearing and shall be final and binding. The Court of Arbitrators shall not be bound by legal rules of procedure and may receive evidence in such a way as to do justice between the parties. The Court of Arbitrators shall promptly enter an award, which shall do justice between the parties and the award shall be supported by a written opinion. The cost of arbitration, including the fees of the arbitrators, but not including attorneys' fees, shall be borne by the losing party unless said Court of Arbitrators shall decide otherwise.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives and effective as of the date set forth below.

INTEGRATED PAYMENT SYSTEMS INC.

TELCO BILLING, INC.

By: /s/ Anthony DiSante

By: /s/ Angelo Tullo, pres

Title: Anthony DiSante, Vice President

Title: President

Date: 8-26-03

Date: 8/27/03

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SCHEDULE 1 TO PROCESSING AGREEMENT

CHECK SERVICES

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TIME ZONES: ALL REFERENCES TO TIME FOR CHECK PROCESSING ARE EASTERN TIME.

CHECK CLEARING: IPS will process and handle Checks and forward detail of such

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Checks to Customer via an electronic transmission as well as return originals to Customer's place of business Activities associated with Check clearing include capture of MICR detail, reconciliation, settlement services, adjustments handling and image capture (front and back) and archival. Archival includes up to five (5) days of original Check retention and long term image archive of seven (7) years. Customer shall review the original Checks returned to it by IPS and notify IPS of any original Check not received within ninety (90) days. IPS shall use commercially reasonable efforts to find and produce such checks for Customer after the five (5) days archival period

CHECK RETURNS: IPS will process and handle all Customer-initiated requests to

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dishonor a Check. Returns will be communicated to IPS via file transfer or Advanced Customer Support system (ACS). This service will include reconciliation, qualification and presentment to the forward clearing system delivery.

CHECK RETRIEVALS: IPS will fulfill Check retrieval requests as submitted by

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Customers. The request will be fulfilled from the image archive unless expressly requested by Customer for an original, to the extent IPS is in possession of the original. Requests will be initiated via IPS Customer Service screens or through ACS.

POSITIVE PAY: Customer will transmit a file containing all Checks issued by

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Customer containing information about the Check such as date issued, account number, Check number, and amount (the "Issued File"). The format of the Issued File will be mutually agreed upon. IPS will maintain a record of the Issued File and will match all presented Checks against the Issued File. IPS will maintain records of all presented Checks which match the Issued File. All presented Checks that do not match the account number, Check number, or amount, or that can not be reconciled to the Issued File will be returned with an appropriate notation. These exceptions will be written to the ACS system via a transmission from IPS and will be displayed on the ACS exception item review screen. IPS will be liable for losses incurred by Customer up to the face value of any Check paid that was not reflected in the Issued File. Neither IPS nor Bank shall be responsible for verifying the validity of endorsements on Checks, or for detecting forged, altered or counterfeit Checks. In the event there are a series of Checks that fail to match the Issued File that gives rise to concern that there may be an error in transmission of data, either in the Issued File or otherwise, the Parties shall discuss potential problems associated with the data and possible steps to correct any problems that might exist.

RESEARCH: Research and investigative services other than retrieval requests

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will be performed at hourly rates, plus expenses which are set forth or referred to in the Schedules.

REPORTS: Refer to User Manuals for timing and procedures.

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IMAGE DELIVERY: Customer may elect to receive any of the following image

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deliveries in connection with the above services: (a) images made available in connection with Internet Check Retrieval via IPS's ACS web application; (b) bulk file image transmission; (c) images made available in connection with exception item review via IPS's ACS web application;

SERVICE EXCLUSIONS: IPS's Check services are solely as set forth in this

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Schedule 1. Additional requested services may be provided in writing at mutually agreed pricing. Without limiting the generality of the foregoing, it is agreed that: IPS's services do not include standing return orders with respect to closed, blocked, deceased or similar Accounts. Checks to be returned in connection with the foregoing shall be identified by Customer as set forth in User Manuals.

IPS's services do not include the provision of fraud prevention or detection services to Customer or its Clients, and Customer specifically understands and agrees that IPS is not responsible for review of signatures or endorsements on Checks, for detecting forged, altered, counterfeit or out-of-range Checks, duplicate payments, or for detecting encoding errors on Checks.

Except for IPS's obligations specifically set forth above and in Section 6.01(b) of the Agreement, IPS and Bank have no obligation or liability to Customer or its Clients: (i) with respect to the payment of Checks that are not properly payable; (ii) for paying or refusing to pay Checks that overdraw an Account; (iii) for reviewing or honoring or refusing to honor legends on Checks (such as, but not limited to, "not good in excess of" or "void after" legends); (iv) for paying or refusing to pay stale or post-dated checks; (v) on transfer or presentment warranties; (vi) for wrongful dishonor of Checks; (vii) in respect of becoming accountable for the amount of a Check by virtue of delayed settlement, return or notice of dishonor or by virtue of final payment; (viii) to accept or certify Checks or to refuse to do the same; (ix) to provide monthly or periodic statements to Clients; (x) to receive or act upon error resolution notices from Clients; (xi) for complying or refusing to comply with garnishments, levies, subpoenas or other legal process regarding Clients or the Accounts; or (xii) for refusing to accept stop payment orders from Clients (other than those communicated by Customer in accordance with this Agreement and the User Manuals), or (xiii) maintenance or operation of overdraft or other line of credit products which may be accessed by Clients.

Except as and to the extent expressly provided above and in Section 6.01(b) of the Agreement, IPS does not hereby accept liability for the amount of any Checks or losses sustained by Customer in respect thereof. Without limiting the generality of the foregoing, IPS shall not be responsible for claims of late

return (other than as expressly set forth above), for denied adjustments or for losses due to insolvency of any financial institution, except as provided in Section 6.01(b) of the Agreement.

FEES:

<TABLE>  
<CAPTION>

ITEM NUMBER	ITEM	DEFINITION	PRICE PER ITEM
<S>	CHECK PROCESSING <C>	<C>	<C>
6404	Check Clearing	Checks written by account holders presented to IPS for processing, includes payee keying. Assumes checks are written in English, and denominated in US dollars.	First 20,000 at \$.140, next 20,000 at \$.125, additional volume at \$.090/check
6406	Exception Item Review with Image	Exceptions are defined as those checks to be further reviewed by Customer for purposes of making pay/return decisions. Image of check provided.	\$.25/exception
6411	Check Returns	Per check returned as unpaid, but only to the extent returns exceed 1% of the total number of checks presented per month.	\$5.00/check
6420	Check Retrieval - Request	Per check copy requested by CUSTOMER, completed within standard turnaround Initiated through ACS or IPS on-line.	\$2.50/check copy
6422	Check Retrieval - Same Day	Per check retrieval requested by CUSTOMER, completed with same day turnaround.	\$15.00/request
6423	Check Retrieval -Internet Check Retrieval	Per check retrieval initiated as an ad-hoc retrieval known as Internet Check Retrieval.	\$0.50/retrieval
6424	Check Retrieval - FAX Surcharge	Surcharge if requested by fax.	\$2.00/request
6464	Exception Item Review-Dollar Value	Review images of items greater than a specific dollar amount on ACS.	\$.25/ per check
6472	Special Programming-Check	Client requests	\$150.00/hr
6473	Forms	Supplies requested to support customer's plan, except forms used solely for communication between customer and IPS. It is agreed that when practical, all forms, envelopes and printed material shall be uniform and usable by other users serviced by IPS.	"at cost + 15%"

With IPS's concurrence, certain materials may be individualized by customer at customer's expense; provided, however, that such forms, tapes, envelopes or printed material must be in accordance with the specifications and processing requirements of IPS, and if they are processed or stored by IPS for customer, or if special handling is required, an additional fee may be charged. Customer will bear the liability for customized inventory made obsolete due to changes by FDC in Logo, telephone number, etc. If inventory quantity exceeds 12 months.

IPS will bill customer for forms and supplies based on actual usage for customer's plan and will bill customer. IPS forms and supplies ordered by customer via supply requisitions. However, certain

internal forms, including, but not limited to, sales transaction batch headers and payment batch headers will not be billed to customer and are considered expenses of IPS.

6474	Float Credit	Adjustment given for credit balances or for funds due the client by IPS that is credited at least 1-day after IPS receives the funds.	Fed Funds minus .50% and reserves
6475	Postage	Includes all actual postage used in mailing statements, letters, notices, plastics, tapes reports and other materials related to customer's plan.	"at cost"
6476	Float	Assessed the daily average dollar volume of items for	Fed Funds

		which IPS receives payment at least one day after disbursement of funds.	+ .75 %
6477	Courier Service	Courier Service fees depend upon distance, number and method of deliveries.	"at cost"
6479	Additional Fed Fees	Those charges which may be implemented by the Federal Reserve from time to time and not specifically identified above.	"at cost"
6480	Daylight Overdraft	Those charges imposed by the Federal Reserve to cover that period of time in which the banks Federal Reserve account is overdrawn by the activity associated with this program.	"at cost"
6493	Minimum Processing Fees	Adjust used to bring total of processing fees up to a minimum. No charge for implementation costs.	\$1,500/ per Month
	Yearly Minimum Checks Processed	Fee if a minimum of 144,000 checks are not processed per year. No charge for implementation costs.	\$1,000.00 per year
6219	Training and Consulting	Client Request for services. Includes travel expenses	\$150.00/ per day plus out of pocket expenses
8000	Sales Tax	Any Taxes assessed IPS for services rendered will be passed on to client	"at cost"

</TABLE>

SCHEDULE 3 TO PROCESSING AGREEMENT

CUSTOMER RESPONSIBILITIES

CUSTOMER RESPONSIBILITIES WITH RESPECT TO CHECKS

NOTIFICATIONS TO RETURN: Customer is responsible for authorizations for all  
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Checks, and will identify all Checks which are to be returned and provide the appropriate reason code as set forth in User Manuals for the return (a "Notification to Return"). Notifications to Return shall be submitted via IPS's ACS web application or via electronic transmission as set forth in User Manuals therefor as in effect from time to time. In any event, Notifications to Return must be received by IPS no later than 3:00 p.m. ET if the Notification to Return is submitted via IPS's ACS web application, or electronic transmission on the Business Day following the Business Day on which the Check was received by IPS for purposes of commencement of the midnight deadline, or as set forth in User Manuals.

IPS is not obligated to act on Customer requests to revoke Notifications to Return once received by IPS. In the event that IPS is late in making the Check clearing transmission available, Customer shall nonetheless use commercially reasonable efforts to give its Notification to Return within the same timeframe that the Notification to Return would have been given had the Schedule of Items been timely and in any event by the Dishonor Deadline. Although Notifications to Return which are incomplete or inaccurate shall be ineffective for purposes of making IPS responsible for late returns (see "IPS Responsibility for Amount of Checks" on Schedule 1), IPS shall nonetheless use commercially reasonable efforts to identify the Check in question and to promptly return the same. Unless Customer is unable to give a timely Notification to Return due to IPS's delay in providing the Schedule of Items, Customer will be responsible for all losses, if any, resulting from the late return of Checks or the failure to timely notify receiving banks according to Legal Requirements. IPS shall not be responsible for the consequences of acting on incomplete or inaccurate Notifications to Return.

CHECK TRANSACTION RESPONSIBILITIES: Except for IPS's obligations as  
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 specifically set forth in Schedules 1 and 2 and as otherwise provided in the

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 Agreement, Customer shall be solely responsible for all activities and applicable Legal Requirements and Client Agreement requirements in respect of Checks and Client Accounts, including:

Maintenance of stop payment files (including obtaining from Clients applicable written authorizations) and standing return orders with respect to closed, blocked, deceased or similar Accounts. Checks to be returned in connection with the foregoing shall be identified in a Notification to Return.

Fraud prevention and detection services, including review of signatures or endorsements on Checks, detection of forged, altered or counterfeit Checks. All obligations and liabilities: (i) with respect to the payment of Checks that are not properly payable; (ii) for paying or refusing to pay Checks that overdraw Client's Account; (iii) for reviewing or honoring or refusing to honor legends on Checks (such as, but not limited to, "not good in excess of" or "void after" legends); (iv) for paying or refusing to pay stale or post-dated checks;

(v) for wrongful dishonor of Checks; (vi) in respect of becoming accountable for the

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amount of a Check by virtue of delayed settlement, return or notice of dishonor or by virtue of final payment; (vii) to accept or certify Checks or to refuse to do the same; (viii) for complying or refusing to comply with garnishments, levies, subpoenas or other legal process regarding Clients or their Accounts.

APPROVAL, USE AND RECOVERY OF CHECKS: Customer shall obtain IPS's prior written

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approval of the forms of Checks to be used in the Program. Customer understands that such approvals will, among other things, take into account Association and Bank requirements. Customer is responsible for distributing approved Check stock to Clients. Customer will be responsible for the recovery of Checks from Clients in all relevant events, including termination of this Agreement, in cases of unauthorized or alleged unauthorized use of Checks, or in the event of Client's breach of the Client Agreement or termination or closure of Client's Account. Customer is solely responsible for determining the extent of the inventory of Check stock and other forms which it wishes to maintain or order. IPS shall not be responsible for reimbursing Customer for unused inventory in any circumstances.

DATA PROCESSING: Customer is responsible for acquiring, operating and

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maintaining the systems necessary to enable Customer to transmit and receive the data necessary for IPS and Customer to fulfill their obligations hereunder. Such systems shall be consistent with the IPS System as in place from time to time. All data transmissions between the parties shall be in the format and sequence reasonably required by IPS and agreed to by Customer from time to time. To the extent that IPS grants Customer access to the IPS System, such access shall be used by Customer solely for purposes of receiving services from IPS hereunder. Nothing herein shall be construed as granting Customer any right, title, interest or license in or to the IPS System.

SOFTWARE, ETC.: Customer shall: (i) comply with the User Manuals in effect from

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time to time pertaining to the IPS ACS web application, any CD-ROM viewer software made available to Customer in connection with this Agreement, including, without limitation, acquisition and maintenance of the minimum hardware/software configurations outlined therein; and (ii) comply with all shrink wrap, click wrap or other license agreements provided in connection therewith.

IPS OPERATING PROCEDURES: Services are provided subject to, and Customer agrees

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to comply with the applicable rules, operating procedures, manuals and instructions, including without limitation, the User Manuals, established by IPS from time to time and communicated in writing to Customer. IPS expressly reserves the right to change operating procedures, services provided and applicable deadlines and processing timeframes based on changes in Legal Requirements (including changes in operating procedures, User Manuals, services, deadlines or timeframes in effect at the Federal Reserve System, Association or other clearinghouse level), changes in or discontinuations of services required from third parties (such as, but not limited to, couriers), failure of Customer to comply with applicable existing operating procedures or to otherwise deliver its inputs to IPS in good order, material changes in volume processed hereunder, or other events or occurrences beyond the reasonable control of IPS.

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Mesa, Arizona - (Business Wire)  
(Date Here)

YP.NET, Inc. (YPNT) a leading provider of nationwide Internet Yellow Pages and related services and a component of the Dow Jones Internet Services Index recently signed an agreement with go2 Directory Systems, the leading wireless Yellow Page directory and local information services for web-enabled mobile phones and other mobile devices. The three year agreement provides for YP.Net to add its customer's listings to go2's distribution network, including go2's online and mobile phone applications.

Greg Crane, YP.Net's Executive Vice President stated, "go2 is a leader in delivering Yellow Page information through web-enabled mobile phones and has prominent, industry leading placements on the wireless web portals of virtually all major U.S. wireless carriers. We are excited to add our customer's listings and enhanced information to this substantial distribution network. Mobile Yellow Page usage is rapidly growing, and this effort demonstrates YP.Net's commitment to continually add value to our Internet Advertising Package for the benefit of our customers. Distribution on go2 will provide national exposure for our customers and allow them to obtain business from virtually all wireless web users in their area."

"YP.Net has a large merchant customer base that will gain exposure to go2 users and at the same time provide go2's carrier partners and users with better information about YP.Net customers," said Lee Hancock, CEO of go2 Directory Systems. "It is a significant, win-win relationship that helps us continue our lead in providing go2 users accurate, timely and compelling local information."

With go2, YP.Net's paying customers' listings will be highlighted throughout go2's online, wireless and mobile phone distribution network. go2 will also provide one-touch calling, turn-by-turn directions, and enhanced information about YP.Net's customers. Tens of thousands of people use go2 on their web-enabled phones every day to search for, find and learn about local businesses. With this partnership, YP.Net's customers will gain universal exposure to wireless web users as more and more people use their web-enabled phones to access local yellow page directory information.

#### About go2 Directory Systems

go2(R) Directory Systems owns and operates go2(R), the leading mobile Yellow Page directory and local information service in the U.S. go2 has numerous prominent placements on the wireless web menus of virtually every U.S. wireless carrier. Every month go2 delivers millions of wireless page views and geo-targeted store listings to ready-to-buy consumers who are looking for specific products and services in their immediate area. In addition to detailed information about its merchant customers, go2 also provides movie theaters and showtimes, customer specials and promotions, one-touch calling, and turn-by-turn directions.

Since 1999 go2 has helped merchants drive in-store traffic, sales, and customer satisfaction and loyalty with a variety of mobile yellow page and advertising products and services. go2's customers and partners include print and online yellow page providers, local merchants, and leading national retailers such as Abercrombie & Fitch, El Pollo Loco, and Jamba Juice, and national sponsors and advertisers such as Hotels.com. go2 Directory Systems is a privately held company headquartered in Irvine, California. For more information, visit [www.go2.com](http://www.go2.com).

go2(R) and the go2 logo are trademarks of UDS Directory Corp., dba go2 Directory Systems.

#### About YP.Net, Inc.

YP.Net Inc., a leading provider of Internet-based yellow page services and a component of the Dow Jones Internet Services Index, offers an Internet Advertising Package that includes a priority Preferred Listing and Mini-Webpage(TM) through its yellow page Web site at [www.Yellow-Page.Net](http://www.Yellow-Page.Net) and [www.YP.Net](http://www.YP.Net). The Company's Web site contains listings for approximately 18 million business and individuals in the United States. As of June 30, 2003,



YP.Net, Inc. has over 167,000 paying subscribers.

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YP.Net also provides an array of other Internet services that complement its yellow page sites found at ([www.Yellow-Page.Net](http://www.Yellow-Page.Net), [www.YP.Net](http://www.YP.Net) and [www.YP.Com](http://www.YP.Com)).

YP.Net is a longstanding member, exhibitor and sponsor of the two major yellow page trade associations - Yellow Page Integrated Media Association "YPIMA," the major trade association of yellow page publishers throughout the world, and the Association of Directory Publishers "ADP," which mostly represents independent yellow page publishers. YP.Net, Inc. is based in Mesa, AZ. For more information, visit the web site at [www.ypNet.net](http://www.ypNet.net).

This press release contains certain forward-looking statements, including those regarding the Company and its subsidiaries' 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.

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Mesa, Arizona - (Business Wire)  
(Date Here)

YP.Net, Inc. (YPNT) a leading provider of nationwide Internet Yellow pages and related services and a component of the Dow Jones Internet Services Index, announces the signing of a three-year agreement with Integrated Payment Systems Inc., a unit of First Data Corporation (NYSE:FDC) and a leading provider of payment reconciliation and backroom processing services.

According to David Iannini, CFO of YP.Net, "We are very pleased to further diversify our solicitation check processing services. With the addition of Integrated Payment Systems, we now have two of the leading check processors servicing our Company."

First Data joins the Company's other leading order processors FSMC, a unit of Travelers Express Company, Inc., which is a subsidiary of Viad Corp (NYSE:VVI) and the Bank of the Southwest. Each of these companies provide a third-party verification of each new customer's order from the Company.

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YP.Net also provides an array of other Internet services that complement its yellow page sites found at ([www.Yellow-Page.Net](http://www.Yellow-Page.Net), [www.YP.Net](http://www.YP.Net), [www.YP.Com](http://www.YP.Com) and about 30 other website locations).

YP.Net is a longstanding member, exhibitor and sponsor of the two major yellow page trade associations - Yellow Page Integrated Media Association "YPIMA," the major trade association of yellow page publishers throughout the world, and the Association of Directory Publishers "ADP," which mostly represents independent yellow page publishers. YP.Net, Inc. is based in Mesa, AZ. For more information, visit the web site at [www.ypNet.net](http://www.ypNet.net).

This press release contains certain forward-looking statements, including those regarding the Company and its subsidiaries' 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.

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