

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB/A  
(Mark one)

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

For the fiscal year ended September 30, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 0-24217

YP.NET, INC.

(Name of Small Business Issuer in its Charter)

NEVADA  
(State or other jurisdiction of  
incorporation or organization)

85-0206668  
(IRS Employer  
Identification No.)

4840 EAST JASMINE STREET, SUITE 105  
MESA, ARIZONA  
(Address of principal executive offices)

85205  
(Zip Code)

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

Securities registered under Section 12(b) of the Exchange Act: NONE Securities  
registered under Section 12(g) of the Exchange Act:

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

Check whether the issuer (1) filed all reports required to be filed by Section  
13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter  
period that the registrant was required to file such reports), and (2) has been  
subject to such filing requirements for the past 90 days. X Yes No .

Check if there is no disclosure of delinquent filers in response to Item 405 of  
Regulation S-B contained in this form, and no disclosure will be contained, to  
the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-KSB or any  
amendment to this Form 10-KSB [X]

Registrant's revenues for its most recent fiscal year were \$13,232,743

The aggregate market value of the common stock held by non-affiliates computed  
based on the closing price of such stock on January 7, 2003 was approximately  
\$1,677,062.

The number of shares outstanding of the registrant's classes of common stock, as  
of January 7, 2003 was 49,531,840.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

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

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

As our primary source of revenue, we offer "preferred" listings to businesses  
for a monthly fee (currently \$17.95). The "preferred" listing provides a  
business with a priority placement listing over non-paying listings and is  
displayed in a bigger and bolder font at the beginning of, or in the first  
section of the user's search results - thus featuring our paying customers more  
prominently to user's of our website. In addition, our paying customers get a  
Mini-Webpage(TM) which includes a 40-word description of their business, their  
hours of operation and other useful information, a direct link to the paying  
customers website, (if they have one and it is provided by the advertiser), map,  
driving directions to the paying customers location and more. As of September  
30th, 2002 we have approximately 106,439 "preferred" listing advertisers who  
have subscribed for this enhanced advertising service. This represents less than  
six tenths of 1% of the estimated available market for preferred listings. We  
market for advertisers of our "preferred" listing service ,under the name  
"Yellow-Page.Net, exclusively to businesses through a direct mail solicitation  
program. The solicitation includes a promotional incentive (ie. generally a  
\$3.50 check) which, if cashed by the business, automatically signs the business  
up for the Preferred Listing service for an initial twelve month period with  
automatic renewals thereafter. This easy subscription process provides a written  
confirmation (ie. the check) of the subscription by the newly subscribing  
business, which is verified by an independent third party (i.e the paying

customers depositing bank). To additionally insure the intention of sign-up, the Company then mails a written confirmation card to the newly subscribing business generally within 30 days from activation. The Company also provides a 120-day cancellation period whereby the subscribing business may cancel and receive a full refund of any amounts paid to the Company.

Recently, the Company has created an outbound calling department whose function is to proactively obtain the 40-word description to be used in the Mini-Webpage(TM), as well as other information from each newly subscribing customer. This effort is expected to provide more information for potential customers searching our website to help them choose to do business with one of our Preferred Listing advertisers.

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

The Company uses Simple.Net, Inc. ("SN"), an internet service provider beneficially owned by a director (Deval Johnson) of the Company, to provide internet dial-up and other services to its customers (See Footnote 12 to the financial statements). SN charges the Company's customers \$2.50 per month for such internet access.

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

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

#### GROWTH INITIATIVES

##### Primary Growth Strategies

**PREFERRED LISTINGS**-We currently derive almost all of our revenue from selling Preferred Listings for the search results on our website. A Preferred Listing is displayed at the beginning of search results in response to a user's specific questions. A Preferred Listing is enhanced on the display of search results and includes a "Mini-Webpage(TM)" listing where the paying customer can use up to 40 words to advertise; among other features. Our primary growth strategy is to obtain a significantly greater number of Preferred Listings given the large, estimated potential available market for such listings. As part of this strategy, the Company has re-instituted its marketing program and plans to regularly solicit its potential customer base of approximately 18 million businesses through its direct mail solicitation program. As a result of such program, the Company has increased its customer count from 91,348 at September 30, 2001 to 113,565 at September 30, 2002\_

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

In addition to its cross marketing and cross placement agreement(s) with other websites, the Company has signed a contract for advertising relating to Baca Racing and National Hot Rod Association ("NHRA") events which provides us with advertising on the Baca Racing vehicles as well as public relations and advertising as a sponsor of NHRA. In addition, we are members of both the Yellow Pages Integrated Media Association (YPIMA) and the Association of Directory Publishers (ADP). As further described under "Strategic Alliances", these organizations are trade associations for yellow page publishers that promote quality of published content and advertising methods. The Company plans to take an even more active role in the year ahead

In the future, the Company also plans to substantially increase its advertising through print, media and fixed placement advertising in select markets.

#### SECONDARY GROWTH STRATEGIES

Secondary growth strategies include the following:

- We are developing banner advertisements and outside marketing efforts as an additional source of revenue. The Company has also recently added website design services and Internet access services for its customers.

- As more fully described under "Technology and Infrastructure", the Company recently designed its own infrastructure to manage customer searches. The new site provides quicker, more accurate searches and will allow the Company to add new features and compete in new areas such as the new generation of hand held devices ("Personal Digital Assistants", "PDA's" and "3rd generation Cell Phones"). This site relies upon our internal development of our own Proprietary Search Engine software.

- -Resulting from our Proprietary Search Engine software, management believes this software now allows the Company to easily add enhancements to its own offerings, it could also be used to develop entirely new revenue streams that could consist of; 1. Selling custom designed data lists, 2. Syndicating other yellow page companies, 3. Licensing its use for other types of search engines. The Company is not currently pursuing these initiatives at this time, nor does the Company have any plans, arrangements or agreements to do so.

- --The Company has begun to offer long-distance calling cards to certain of its direct billing customers as an inducement for such customers to pay their invoices. Management believes that this program will improve customer retention and cash receipts. This program does not and is not intended to generate revenue for the Company, but is used solely as a means to encourage prompt payment of invoices to the Company.

#### STRATEGIC ALLIANCES

In order to service users more effectively and to extend our Yellow-Page.Net brand to other Internet sources, we have entered into strategic relationships with business partners offering content, technology and distribution capabilities.

The Company has cross marketing and cross placement agreement(s) with other websites, including My Area Guides and Overture/Goto.com as well as others. These agreements allow the Company to increase the page views for its customers listings and also provides the customers of such cross placement websites the ability to also achieve additional page views by being listed on the YP.Net-related websites. The Company pays My Area Guides and Overture/Goto.com \$6,000 per month and \$24,000 per month respectively for such agreements.

Since the founding of our subsidiary Telco Billing, Inc. in 1998 and continued through its acquisition by the Company in June of 1999, we have been members of both the Yellow Pages Integrated Media Association (YPIMA) and the Association of Directory Publishers (ADP). These organizations are trade associations for yellow page publishers that promote quality of published content and advertising methods. One of the primary responsibilities of these organizations and of its members is to promote the growth of legitimate yellow page companies that provide real value to their advertisers and to the general public at large, while working to expose those companies that take advantage of consumers. The Company plans to take an even more active role in the year ahead.

In order to broaden YP.Net's user base, we have established cross-linking relationships with operators of commercial websites and Internet access providers. There are approximately 600 affiliated websites that link and direct "traffic" to YP.Net. We believe these arrangements are important to the promotion of YP.Net, particularly among new Internet users who may access the Internet through these other websites. These co-promotional arrangements typically are terminable at will. We also utilize WebDialogs in a co-promotional effort to provide automatic dialing services to our website users to allow these users to place a call to one of our Preferred Listing customers by simply clicking a button.

We have also managed revenue sharing partnerships with Amazon.com, Buy.com, Stamps.com, and TheWallStreetJournal.com and others that allow YP.Net to generate revenue by purchases made through the link on our home page. To date, the amount of revenue generated from these partnerships is immaterial.

#### WEBSITES

We own the domain name www.YP.Net and license the www.Yellow-Page.Net domain name under a 20 year lease expiring on September 21, 2018 from Matthew & Markson, a related party (See "Certain Relationships and Related Transactions" for a complete discussion of the terms of this agreement. We maintain one site under the name www.YP.Net and direct the "traffic" from the other domain name,  
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www.Yellow-Page.Net to that site for Internet access. At this website, consumers

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can search our listing database containing approximately 18 million United States businesses. To draw user's to our websites, we offer a number of free services including directories and maps to the business location, free e-mail accounts, nationwide 800 and 888 directory listings, white page searches, search engines for e-mail addresses of individual persons as well as stock quotes, job searches, travel services, news and weather information, movie reviews and listings, entertainment, restaurant and shopping information. In addition, currently there are approximately 600 other websites that direct traffic to our website. In order to provide extra value to our customers, the

Company expends money to various companies who provide "traffic" to our site by insuring that we will be easily found on the national search engines.

Our directory search service integrates yellow page information by utilizing yellow page category headings in combination with a natural word search feature to provide a user-friendly interface and navigation vehicle. We have enhanced accurate responses to user questions by utilizing category searches in the directory services. This allows users to search by specific city, state and business categories.

As previously mentioned, we currently derive almost all of our revenue from selling Preferred Listings for the search results on our website. We are developing banner advertisements and outside marketing efforts as additional sources of revenue. The Company has also recently added website design services and Internet access services to its customers.

#### MARKETING

Our primary marketing efforts are through direct mail solicitations that utilize a promotional incentive (ie. generally a \$3.50 check) for listing. Once the potential customer cashes the check, they become a customer of the Company, subject to the confirmation process and cancellation period of 120 days. We market exclusively to businesses and focus on businesses that use traditional published yellow page services. We utilize our database as a source for our mailing list. We have also implemented a "customer satisfaction" program (outbound calling department). Through this program, we contact each of our customers to update the customer information regarding their business and links to their Web page. The outbound calling department's function is to proactively obtain the 40-word description to be used in the Mini-Webpage(TM), as well as other information from each newly subscribing customer. This effort is expected to provide more information for potential customers searching our website to help them choose to do business with one of our Preferred Listing advertisers.

We intend to develop marketing strategies to increase the credibility and visibility of our Web page service to targeted markets. We also intend to promote value-added services and product areas. Our future success will depend on our ability to continue to integrate and distribute information services of broad appeal. Our ability to maintain and build new relationships with content providers will be critical to our success. These relationships will, in addition to increasing revenue, lower dilution by creating a source for businesses to find the services they need. If successful, our Preferred Listing customers will be able to obtain select services at discounted prices as a consequence of their listing with us. Such services may include discounts on hotels, rental cars, office supplies; among others. We are not currently offering these discounts to our customers.

#### TECHNOLOGY AND INFRASTRUCTURE

One of our principal strengths is our internally developed technology that we have designed specifically for handling our Internet-based data. Our technology architecture features specially designed capabilities to enhance performance, reliability and scalability of our listing data. These features consist of multiple proprietary software modules and processes that support the core internal functions of operations. The technologies include Website Design and Maintenance, Proprietary Search Engine Software, Customer Service Applications, Billing Applications, LEC Filtering Processes, Database Management and Custom List Generation.

WEBSITE DESIGN AND MAINTENANCE. Since the inception of Telco billing until November 1, 2002, we have relied upon outside vendors to design and maintain the infrastructure of our Website, while we retained the ability to direct how our website looked to end users. In the fourth quarter of 2002, we designed our own infrastructure to manage the customer searches, as well as the front-end look and feel that users see and use. The new site was launched on November 1, 2002

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exactly four years to the day that Telco Billing launched its very first site. The new site provides quicker, more accurate searches and will allow the Company to add new features and compete in new areas such as the new generation of hand held devices ("Personal Digital Assistants", "PDA's" and "3rd generation Cell Phones"). This site relies upon our internal development of our own Proprietary Search Engine software.

PROPRIETARY SEARCH ENGINE SOFTWARE. The launch of our "in-house" Website required the development of our own Proprietary Search Engine software. This software is based on a relational database system (RDBS) premise which uses algorithms that accurately speeds the users search to completion. Our software provides a fast, flexible, reliable system that will operate on almost any platform including Sun, Microsoft Windows, Linux and any other Unix based operating programs. The Company has not yet pursued any patent or other protection to date on its Proprietary Search Engine software. This software not only allows the Company to easily add enhancements to its own offerings, it could also be used to develop entirely new revenue streams that could consist of; 1. Selling custom designed data lists, 2. Syndicating other yellow page companies, 3. Licensing its use for other types of search engines. The Company is not currently pursuing these additional potential revenue streams.

CUSTOMER SERVICE APPLICATIONS. We have designed proprietary Customer Service Applications to enable rapid object-oriented development and management of information related to our Preferred Listing customers in a variety of formats. This application, which is currently available to our customers, provides detailed notes on each account, as well as credit card and paper check payment processing. Customer Service Representatives ("CSR's") can quickly view all contact information for the subscriber, as well as Service description, pricing, letter of authorization ("LOA"), and billing history. With these functions in place, CSR's have the ability to handle every aspect of the call. However, we are finding, as we continue to grow, that it might be advisable to purchase a third party software package from a reliable vendor that can be modified for our needs. Our own software to be potentially developed, or any that is purchased, would need to incorporate an automated retrieval system that integrates with our other technologies. This integration would enable real-time updates to our database as our customer service representatives interact with and obtain data from our Preferred Listing clientele.

BILLING APPLICATIONS. We bill primarily through local exchange carriers ("LECs") that are local telephone service providers (local phone companies). Our LEC billings are routed to the LEC's and appear on our Preferred Listing customers' telephone billing statements. To a lesser extent, we directly bill some of our Preferred Listing customers using invoices or directly bill them on the customers credit card (upon request) instead of directly on their phone bill. Our billing applications technology facilitates both our LEC and direct billing functions.

LEC FILTERING PROCESSES. The LEC Filtering Processes are core technologies developed to enhance the applications that support our systems. By using these processes, we are able to more accurately bill our Preferred Listings through the appropriate LEC. These processes are a vital component of our ability to aggregate content from multiple sources for our billing process. Information is sorted and updated with a method of maintaining and expanding a diverse database and allows different data sources to be combined and deployed through a single uniform interface, regardless of data structure or content. This allows a single database query to produce a single result set containing data extracted from multiple databases. Database clustering in this manner reduces the dependence on single data sources, facilitates data updates, and reduces non-conforming data submitted to the LECs.

DATABASE MANAGEMENT. We have also developed a proprietary database technology to address specific requirements of our business strategy and information infrastructure services. This technology enables us to provide our services with fewer service personnel. Our database is integrated with the applications modules and the LEC filtering processes. This database consists of our current and potential customers and is updated on a real-time basis as a customer's data is received from new listings or through our customer service representatives. We utilize this database to maintain customer service and monitor the quality of service provided by our customer service personnel. We also use the database to determine new products desired by our customers. Our technology has been specifically designed to function with a high degree of efficiency within the unique operating parameters of the Internet, as opposed to commonly used database systems.

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CUSTOM LIST GENERATION. We license the database technology that consists of over 18 million business listings throughout the United States, updated quarterly. Under these licensing agreements, we are able to custom craft mailing lists that suit our customer's needs. Customers have the ability to filter their custom list against an array of attributes ranging from gross sales of the company listed, Standard Industry Classification ("SIC") code, whether or not the listing is a publicly traded company, or if the company listed is minority owned. These lists can be generated in various Open Data Base Connectivity ("ODBC") and text formats. Lists are priced by record and the criteria provided for the query. The Company licenses data bases from Acxiom Corporation and Info USA for \$80,000 and \$75,000 annually. Effective February 1, 2003, the Company also entered an agreement to exchange data with Experian Information Solutions, Inc. ("Experian") with reciprocal annual payments of \$150,000 between the Company and Experian.

#### BILLING SERVICE AGREEMENTS

In order to bill our Preferred Listing customers through their LECs, we are required to use one or more billing service integrators. These integrators have been approved by various LECs to provide billing, collection, and related services through the LECs. We have entered into customer billing service agreements with Integretel, Inc. ("IGT") and more recently with ACI Communications, Inc. (formally known as OAN Billing, Inc.) for these services. Under these agreements, our service providers bill and collect our charges to Preferred Listing customers through LEC billings. These amounts, net of reserves for bad debt, billing adjustments, telephone company fees (3-7% of billings, depending upon the number of records submitted) and billing company fees (approximately 3% of billings), are remitted to us on a monthly basis. Presently, we are primarily billing through these integrators and credit card processing. The Company plans to contract with a third billing service integrator during the upcoming fiscal year to reduce its dependence upon IGT.

#### REGULATION

Existing laws and regulations or ones that may be enacted in the future could have a material adverse effect on our business. These effects could include substantial liability including fines and criminal penalties, preclusion from offering certain products or services and the prevention or limitation of certain marketing practices. As a result of such changes, our ability to increase our business through Internet usage could also be substantially limited.

Due to the rapid growth of Internet communications, laws and regulations relating to the Internet industry have been adopted. Such laws include regulations related to user privacy, pricing, content, taxation, copyrights, distribution, and product and services quality. Concern regarding Internet user privacy has led to the introduction of federal and state legislation to protect Internet user privacy. In addition, the FTC has initiated investigations and hearings regarding Internet user privacy that could result in rules or regulations that could adversely affect our business. As a result, the adoption of new laws or regulations could limit our ability to conduct targeted advertising, or distribute or to collect user information.

#### QUALITY ASSURANCE & INTERNAL SELF-REGULATION

The Company believes that the best customer care can be obtained for its

customers through quality assurance initiatives. The Company believes that quality assurance should entail substantial steps to insure customer satisfaction.

Unlike several of our competitors that generally utilize larger marketing staffs than the Company, the Company has found that its direct mail marketing program, which generally utilizes a \$3.50 check, is the most economical way to obtain new customers. (See MARKETING ) This is important to the cost that we charge our customers for the product we deliver. Because we believe that our cost for obtaining new customers is lower than many of our competitors who sell yellow pages with personal visits and other more expensive methodologies, we believe we can offer our product to our customers at a cost that we believe is much lower than our competition. Our customer care and quality assurance begins well before a new customer is obtained. The Company goes to great lengths to insure that its direct mail marketing solicitations are the most effective, yet clear pieces we can create. The Company fully acknowledges that no one can write or prepare a solicitation that 100% of the people receiving it will fully understand. While the law only requires that your solicitation be understood by a majority of reasonable persons, the Company strives to have solicitations that everyone will

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understand. Before a solicitation is printed for general distribution, it is reviewed by various employees (Team Members) before being sent to the Company's Legal Counsel. Once approved by the Company's Legal Counsel it is sent to attorney Charles M. Stern who is also general counsel to the Yellow Pages Integrated Media Association (YPIMA), YPIMA deals with the Federal Trade Commission and various State and Local Agencies in their fight against "Bogus" Yellow Pages. Next, the potential solicitation is forwarded to our Billing integrators. After their legal review it is forwarded to the legal departments of the Local Exchange Carrier's (local phone companies) for their approval, which insures that it follows all Federal Communication Commission (FCC) guidelines as well.

Being a Yellow Page Publisher, the Company only mails to businesses in the United States, not the general public at large.

Generally, our paying customers contract for their listings with us by depositing a check (i.e. generally a \$3.50 check). This is an easy and effective way to be sure that the business you are soliciting is the one that is contracting for the services. The customers bank provides a third-party verification of the potential customer sign-up for our Preferred Listing service. Once we receive the information that the check has been cashed we activate the new customer as a preferred listing on our website. We then attempt to contact that new advertiser via the phone to update their information and obtain the 40 -word description to be used in their Mini-Web Page. This follow-up allows the new customer to inform us about what is important about their business so that people searching our site would be able to find important information about the paying customers business.

While our settlement with the FTC (See "LEGAL PROCEEDINGS") provides that we send a confirmation card, which confirms with the new subscriber that they have indeed signed up for our service within 80 days of the check being cashed, the Company has elected to send the card in about 30 days or less from the date the check is cashed. We believe this process allows the new subscribers to evaluate the value of our offerings while still allowing those customers that are unhappy (for any reason) to cancel for a full refund within the 120 day cancellation period.

For ease of contact and at almost every point of contact with customers and prospective customers, we provide a toll free 800 number for our customers to have their questions answered and to cancel service if they are dissatisfied for any reason. The call center that answers that 800# is staffed Monday through Friday by the Company from 6 am to 5 pm M.S.T. Each Customer can receive a full refund of any monies paid to the Company within the first 120 days of signing up.

The Company has recently formed a Quality Assurance Department to monitor Team Members calls with our customers to further insure customer satisfaction. This new department is in addition to the monitoring done by the Team Members Supervisors. Recently, the Company has also created an outbound calling department ( "customer satisfaction program") whose function is to proactively obtain the 40-word description to be used in the Mini-Webpage(TM). Management expects this initiative will provide more information for potential customers searching our website to help them choose to do business with one of our Preferred Listing advertisers.

#### COMPETITION

We operate in a highly competitive and rapidly expanding Internet services market, however our primary market sector is business-to-business services instead of a pure technology industry. We compete with online services, website operators, and advertising networks. We also compete with traditional offline media such as television, radio, and traditional yellow page directory publishers, and print share advertising. Our services also compete with numerous directory website production, and Internet information service providers. Our largest competitors are the Local Exchange Carriers (local phone companies" or "LEC's").

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The principal competitive factors of these markets include personalization of service, ease and use of directories, quality and responsiveness of search results, availability of quality content, value-added products and services, and access to end-users. We compete with the suppliers of Internet navigational and

informational services, high-traffic websites and Internet access providers, and with other media for advertising listings. This competition could result in significantly lower prices for advertising and reductions in advertising revenues. Increased competition could have a material adverse effect on our business.

Many of our competitors have greater capital resources than us. These capital resources could allow our competitors to engage in advertising and other promotional activities that will enhance their brand name recognition at levels we cannot match. The LECs have brand name recognition and access to potential customers since they have existing local access customers.

We believe that since most, if not all, of our debt is paid off, the Company is producing significant cash and our direct mail marketing program is proving to be effective that we can successfully compete in this market. Management believes that it can compete effectively by continuing to provide quality services at competitive prices and by actively developing new products for customers.

Management believes that our outbound calling department's ("customer satisfaction program") whereby we contact our customers to obtain information for their Mini Webpage(TM) and if partnered with other reputable companies, could be an additional source of revenue. Management is looking for products and services to sell as part of our outbound calling efforts

#### EMPLOYEES

As of January 7, 2002, we employed 23 full time personnel. Our employees are not covered by any collective bargaining agreements, and we believe our relations with our employees are good.

#### ITEM 2. DESCRIPTION OF PROPERTY

Our corporate offices are located in Mesa, Arizona. During Fiscal 2002, we leased a 16,772 square foot facility from Mr. Art Grandlich dba McKellips Corporate Square for approximately \$120,000 annually on a long-term operating lease through June 2003. We recently negotiated a three year extension of that lease under the same terms and conditions with The Estate of Arthur G. Granlich dba McKellips Corporate Square. As part of the consideration related to our license of the Yellow-Page.Net URL, we sublease approximately 8,000 square feet of leased space to Business Executive Services, Inc. ("BESI"), for \$1.00 annually. This agreement expires in June 2003. However, BESI has agreed to provide 80% of its space during the period January 2003 to June 2003 at no cost to the Company in exchange for the same 20% to be retained by BESI during the lease extension at no cost to BESI. This will allow the Company to more rapidly expand its outbound calling department ("customer satisfaction program"). BESI was a related party through certain common management with the Company. See "Certain Relationships and Related Transactions," below.

#### ITEM 3. LEGAL PROCEEDINGS

We are party to certain legal proceedings and other various claims and lawsuits in the normal course of our business, which, in the opinion of management, are not individually or collectively material to our business or financial condition.

The Federal Trade Commission ("FTC") has aggressively pursued what it perceives as deceptive practices related to direct mailer and other promotions involving the Internet and/or LEC billing type practices. We had been involved in a significant FTC enforcement action regarding these matters. On or about June 26th, 2000 the FTC filed suit, in separate actions, against not less than 10 Internet companies of which the Company was one. Almost immediately the Company reached a preliminary settlement with the FTC (on July 13th, 2000), which essentially allowed the Company to continue "business as before", pending a final resolution. However, the Board of Directors of the Company determined that since the matter in question related to the Company's direct mail solicitations that the Company would voluntarily not mail any solicitations until a final agreement was reached with the FTC.

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With no findings of wrongdoing or admissions by us, on July 30, 2001 a Final settlement was reached. The Stipulated Final Judgment and Order for Permanent Injunction and other Equitable Relief (the "Order") was filed with the United States District Court wherein the FTC and the Company agreed to this stipulation, which states a claim upon which relief may be granted against the Company, should it be violated. The Order called for the following minor changes to our business practices; We have been restrained from using the word "rebate" on our solicitations and must state that the mailer is a solicitation of goods and services, We have voluntarily agreed not to use the "walking fingers" logo on our solicitation (unless accompanied by the language "not affiliated with any local or long distance phone company") and further have extended our refund policy to our new customers from 90 days to 120 days.

Once the settlement was reached the Company tested its solicitations using all

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of the changes required under the agreement and upon determining that they had no material impact upon the results, resumed regular mailings in October 2001. As of this date the Company has complied with all ongoing requirements under the settlement, including the provision that all management personnel read and acknowledge the Final Order to ensure compliance.

Other than this one action, The Company and the United States Federal Trade Commission have had no other issues.

The Company is or was a Plaintiff in various legal actions:

The Company had initiated various legal actions to recover shares of stock that had been issued by former management to various consultants. In all of these cases, management has alleged that this stock was issued to these consultants for the promise of valuable services to be rendered that were never performed. The cases and their current status are summarized below;

- -YP.Net v. Elrod Maricopa County Superior Court CV2000-021154 (154,284 shares of common stock) On July 28, 1999, Elrod was hired as a consultant to the Company relating to financial and strategic matters. He was a consultant at the time the shares were transferred to him. The Company believes that Elrod did not perform in accordance with the consulting agreement. Subsequently, Elrod transferred the shares to a third party. Proceedings in this case began on November 27, 2000. All parties have agreed to enter into a tri-parte agreement whereby the shares will be returned to the Company. The shares have not yet been returned to the Company. -YP.Net v. Eriksson Maricopa County Superior Court CV2000-021151 (132,500 shares of common stock) On or about July 8, 1999, Eriksson was hired as a consultant to the Company relating to financial and strategic matters. He was a consultant at the time the shares were transferred to him. The Company believes that Eriksson did not perform in accordance with the consulting agreement. Subsequently, Eriksson had transferred all of these shares to third parties. Proceedings in this case began on November 27, 2000. One of those third parties, Tiger Lewis, has returned the shares transferred to them (82,500 shares). McConkie, another third party recipient of 50,000 shares had sued the Company so that he can further transfer the shares. A tri-parte agreement has been reached whereby the shares would be returned to the Company upon payment of \$6,187.50. That payment and final settlement occurred on or about December 12, 2002.

- -YP.Net v. Wolfson Maricopa County Superior Court CV2000-021152 (385,716 shares of common stock) On July 28, 1999, Wolfson was hired as a consultant to the Company relating to financial and strategic matters. He was a consultant at the time the shares were transferred to him. The Company believes that Wolfson did not perform in accordance with the consulting agreement. After agreeing to return the shares and filing a settlement agreement in court, Wolfson transferred these shares to an undisclosed third party. Proceedings in this case began on November 27, 2000. Presently, in settlement negotiations, Wolfson has agreed to provide the name of the third party and to negotiate the return of the shares to the Company. The shares have not yet been returned.

- -YP.Net v. Anderson Maricopa County Superior Court CV2000-021153 (250,000 shares of common stock) On July 28, 1999, Anderson was hired as a consultant to the Company relating to financial and strategic matters. She was a consultant at the time the shares were transferred to her. The Company believes that Anderson did not perform in accordance with the consulting agreement. Proceedings in this case began on November 27, 2000. On June 10, 2002, the Company obtained judgment in its favor rescinding the original contract and all of the shares have been awarded to the Company. The shares are in the process of being transferred by the transfer agent.

- -YP.Net v. Pamela J. Thompson et al. Maricopa County Superior Court CV2002-010117 On May 29th, 2002 the Company filed suit against Pamela J. Thompson, former CFO and related parties ("Thompson") in the Superior Court of Arizona alleging, among other things, that Thompson removed Company property without authorization and misappropriated Company funds. On July 10th, 2002, the Court issued a Temporary Restraining Order against Thompson enjoining them from disclosing or disseminating the Company's trade secrets, financial or confidential information and interfering in the Company's contractual obligations or contracts of the Company. The Company is also seeking punitive damages, attorney fees and compensatory damages. Discovery in the case is ongoing.

The Company had made a demand for arbitration against a former billing Company for the return of funds that the Company alleged was wrongfully withheld from payments by them to us. The matter was settled by payment to the Company by the billing company of \$200,000

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The Company was named as a Defendant in a lawsuit filed by Joseph and Helen Van Sickles on May 24th, 2002 (CV2002-010296) demanding immediate repayment of a promissory note for monies loaned to the Company by The Van Sickles. The Van Sickles claimed the Company owed approximately \$500,000, which amount the Company disputed. A settlement was reached and the case was dismissed with payment by the Company of \$300,000 on October 17th, 2002.

All other matters have been settled or dismissed and no other matters are pending.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our annual meeting of shareholders was held on September 20, 2002, and the following matters were submitted to our shareholders to vote.

1. Resolution for the reelection of directors.
2. Resolution for 2002 Employees', Officers', and Directors' Stock Option Plan.
3. The retention of Epstein, Weber & Conover, P.L.C. as independent public auditor.
4. The transaction of such other business as may properly come before the meeting.



The following individuals were elected to serve on our Board of Directors at our annual meeting of shareholders on September 20, 2002: Angelo Tullo, Gregory B. Crane, Daniel L.Coury Sr., DeVal Johnson, and Peter Bergmann. See "Directors and Executive Officers, Promoters, and Control Persons; Compliance with Section 16(A) of the Exchange Act," below.

The firm of Epstein, Weber & Conover, P.L.C. was elected to serve as our independent auditor for the year ended September 30, 2002.

The tabulation of votes for the foregoing matters was as follows:

1. Directors

Name	For	Against	Abstain
Angelo Tullo	31,220,721	603,534	193,975
Gregory Crane	31,220,721	603,534	193,975
Daniel Coury	31,695,721	138,534	193,575
Peter Bergman	31,445,821	378,484	193,975
DeVal Johnson	31,220,821	603,434	193,975

2. 2002 Stock Option Plan

For	Against	Abstain
24,187,154	1,022,305	6,811,271

3. Retention of Epstein, Weber & Conover, P.L.C.

For	Against	Abstain
31,469,603	490,150	58,474

No other business was brought before the shareholders.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

OUR COMMON STOCK

Our common stock is traded in the over-the-counter market under the symbol "YPNT."

The following table sets forth the quarterly high and low bid prices per share for the common stock by the National Quotation Bureau for the last two Fiscal Years. The quotes represent inter-dealer quotations, without adjustment for retail mark-up, markdown or commission and may not represent actual transactions.

FISCAL YEAR	QUARTER ENDED	HIGH	LOW
2001	December 31, 2000	\$ .22	\$ .21
	March 31, 2001	\$ .45	\$ .20
	June 30, 2001	\$ .23	\$ .18
	September 30, 2001	\$ .17	\$ .10
2002	December 31, 2001	\$ .23	\$ .06
	March 31, 2002	\$ .37	\$ .12
	June 30, 2002	\$ .20	\$ .05
	September 30, 2002	\$ .11	\$ .05

On January 7, 2003, there were 525 shareholders of record of our common stock. The transfer agent for our common stock is Continental Stock Transfer and Trust in New York City, New York.

Our Preferred Stock

During the year ended September 30, 2002, the Company created a new series of capital stock, the Series E Convertible Preferred Stock (See Footnote 9 to the financial statements).

During the year ended September 30, 2002, pursuant to an existing tender offer, holders of 131,840 shares of the Company's common stock exchanged said shares for an equal number of the Series E Convertible Preferred shares, at the then \$0.085 market value of the common stock. As of September 30, 2002, the liquidation preference value of the outstanding Series E Convertible Preferred Stock was \$39,552, and dividends totaling \$494 had been accrued and paid associated with said shares.

DIVIDEND POLICY

The Company has one class of outstanding Preferred Stock. The Series E preferred shares have a dividend of \$0.015 per year, payable quarterly, and a liquidation preference of \$0.30 per share. There are 131,840 shares of outstanding Series E

preferred stock.

Under Nevada law, dividends on the Company's common stock may only be paid out of net profits. Prior to our acquisition of Telco, no significant revenue had been generated. We have not paid, cash dividends on our common stock. The current policy of the Board of Directors is to retain a substantial portion of earnings to provide funds for operation and expansion of our business. The declaration of dividends is subject to the discretion of the Board of Directors, which may consider such factors as our results of operations, financial condition, capital needs and acquisition strategies, among others.

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#### SALES OF UNREGISTERED SECURITIES

During Fiscal 2002, we issued 50,000 shares of our common stock at a value of \$0.09 per share to a marketing consultant for services rendered and 50,000 shares to Peter Bergmann for his services as a Director.

During an offering period ending May 31, 2002, we exchanged an aggregate of 131,840 shares of series E preferred stock for an equal number of shares of common stock. An aggregate of 29 shareholders participated in the exchange offer which was exempt from registration pursuant to section 3(a)(9) under the Securities Act of 1933.

Subsequent to September 30, 2002, the Company issued the following shares:

- 4,000,000 shares (value of \$300,000) to Sunbelt Financial Concepts, Inc. ("Sunbelt"), for services provided to the Company. Angelo Tullo, the Company's CEO and Chairman, is President of Sunbelt;
- 1,000,000 shares (value of \$75,000) to Advertising Management and Consulting Services, Inc. ("AMCS") for services rendered to the Company. Greg Crane, Company's Vice President of Marketing and a Director, is President of AMCS;
- 1,000,000 shares (value of \$75,000) to Advanced Internet Marketing, Inc. ("AIM") for services rendered to the Company. DeVal Johnson, the Company's Secretary and Director is President of AIM; and
- 50,000 shares (value of \$3,750) to David J. Iannini, the Company's CFO, for services rendered as such.

The restricted shares were issued based upon the average bid and ask prices at the time of issuance (\$0.075 per share) and were issued in reliance on the exemption from registration provided by Section 4 (2) of the Securities Act. Each of the foregoing parties was a sophisticated and accredited investor who had complete access to financial and other information related to the Company. The representative of each of the foregoing entities is either an officer or director of the Company.

#### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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##### OVERVIEW

We provide Internet-based yellow page listing services on our YP.Net website. We acquired Telco Billing, Inc. in June 1999 as a wholly owned subsidiary, and, as a result of this acquisition, changed our primary business focus to become an electronic yellow page directory service. Our website enables users to search for yellow page listings in the United States. We charge our customers for a Preferred Listing of their businesses on searches conducted by consumers on our website.

The Company was originally incorporated in Nevada in 1996 as Renaissance Center, Inc. Renaissance Center and Nuclear Corporation merged in 1997. Our articles of incorporation were restated in July 1997 and our name was changed to Renaissance International Group, Ltd. Our name was subsequently changed to RIGL Corporation in July 1998. With the acquisition of Telco and shift of the focus of our business, our corporate name was again changed to YP.Net, Inc., effective October 1, 1999. The new name was chosen to reflect our focus on Internet-based yellow page services.

In order to ensure the accuracy and completeness of the Company's financial information in May, 2002, the independent members of the Company's Board of Directors engaged the services of Jerrold Pierce, the former Senior Special Agent of the Criminal Investigations Division of the Internal Revenue Service for seven western states. Mr. Pierce performs unannounced inspections of the Company's financial records at least once every quarter. Mr. Pierce reports his findings directly to the independent members of the Board, and to the Board in its entirety. To date, Mr. Pierce has found no irregularities with current management

##### RESULTS OF OPERATIONS

Fiscal Year End September 30, 2002 Compared to Fiscal Year End September 30, 2001.

Revenue for the year ended September 30, 2002 ("Fiscal 2002") was \$13,232,743 compared to \$13,501,966 for the year ended September 30, 2001 ("Fiscal 2001"). The decrease in revenue is principally the result of a change in revenue recognition on direct billings. In Fiscal 2002, revenue on direct billings was recognized only as cash was collected in order to be more conservative. In Fiscal 2001, direct revenue was recognized upon providing the Preferred Listing service and a reserve against such revenues was established in accordance with

SAB #101. Management believes that recognizing direct billings as revenue upon cash collection is more conservative than its previous methodology. Comparing Fiscal 2002 to Fiscal 2001 revenues using the current revenue recognition policy, revenue for Fiscal 2002 increased by approximately \$1,400,000 compared to Fiscal 2001 or approximately 12 % .

We utilize direct mailings as our primary marketing program and this program generates our principal revenue of the Company. Our subscribing customers increased to 113,565 at September 30, 2002, approximately a 24 % increase for the fiscal year.

Cost of Services for Fiscal 2002 were \$3,811,394 compared to \$6,150,085. The decrease in cost of services is due to a decrease resulting from lower dilution in 2002 compared to 2001 resulting from the previously mentioned improvement in the Company's LEC billing filtering process. We have been able to reduce our dilution expenses with the third party billing companies, as the Company becomes better able to track its individual subscriber billings and collections, The Company ceased its relationship with a billing company due to the higher cost of doing business with this third party biller. The Company reduced its total billing related expenses by \$3,826,000 in the year ended September 30, 2002 primarily due to its ability to challenge dilution charges made by these third party billers.

General and administrative expenses for Fiscal 2002 were \$4,754,665 compared to \$3,987,040 for Fiscal 2001. The increase was principally the result of increased staffing costs of \$953,000 and legal and professional fees of approximately \$182,000. These higher costs were partially offset by lower expense of consultants and rent expense. The Company added staff in anticipation of adding an outbound customer service group and to begin performing more of the billing process in-house.

Sales and marketing expenses for Fiscal 2002 were \$963,868 compared to \$688,349 for Fiscal 2001. The increase was principally the result of our re-instituting our marketing efforts in Fiscal 2002. The marketing expenses are attributed to our direct response marketing, which is our primary source of attracting new customers. In Fiscal 2001, the Company's management decided to cease all direct mail marketing efforts until we had entered into a final settlement agreement with the FTC. In July 2001 we entered into a settlement agreement and voluntarily complied with the order set forth by the FTC. See our Form 10-QSB for the period ended June 30, 2001.

Operating income in Fiscal 2002 was \$3,121,526 compared to \$2,073,066 in Fiscal 2001 representing an increase of approximately 50%. Income before income taxes was \$3,450,489 in Fiscal 2002 and \$3,042,728 in Fiscal 2001. Excluding gains on common shares received and retired under legal settlements (recorded

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as other income), income before income taxes in Fiscal 2002 was \$3,182,814 compared to \$1,317,698 in Fiscal 2001, an increase of over 140%. The exclusions of the settlement gains for comparison purposes is relevant because these matters are not expected to recur. The increases in both operating income and income before income taxes were the result of the substantial savings in the billing company and LEC dilution expenses and lower interest expense due to lower debt levels in Fiscal 2002. The Company is likely to continue to experience lower billing expenses as a percentage of revenue but not on the level of the gains experienced in Fiscal 2002. However, the Company intends to increase its marketing efforts in the short term resulting in higher marketing expenses.

The cost of the Yellow-Page.Net URL was capitalized at its cost of \$5,000,000. The URL is amortized on an accelerated basis over the twenty-year term of the licensing agreement. Amortization expense on the URL was \$399,833 for the year ended September 30, 2002. Annual amortization expense in future years related to the URL is anticipated to be approximately \$200,000-300,000

Interest expense for Fiscal 2002 was \$92,341 compared to \$571,248 for Fiscal 2001. The decrease in interest expense was a result of decreased debt due to the repayment of approximately \$800,000 of debt in Fiscal 2002.

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

Net profits for Fiscal 2002 were \$3,696,463 , or \$0.08 per share, compared to \$1,812,281, or \$.04 per share for Fiscal 2001. The increase in Net income resulted from the increased subscribing customer count and associated revenue cited above with a less than corresponding increase in expenses cited above as well as the usage by the Company of remaining net operating losses which reduced the income tax provision from the previous fiscal year.

#### LIQUIDITY AND CAPITAL RESOURCES

Our cash balance increased to \$767,108 for Fiscal 2002 from \$683,847 for Fiscal 2001. We funded working capital requirements primarily from cash generated from operating activities and utilized cash in investing activities and financing activities, primarily through repayments of debt.

Operating Activities. Cash provided by operating activities was \$1,158,015 for

Fiscal 2002 compared to \$3,880,158 for Fiscal 2001. The principal source of our operations revenue is from sales of Internet yellow page advertising. The decrease in cash provided from operations resulted from an increase in the Company's accounts receivable and customer acquisition costs due to the increased subscribing customer count resulting from our marketing solicitation program.

Investing Activities. Cash used by investing activities was \$244,077 for Fiscal 2002 compared to \$165,672 for Fiscal 2001. We purchased \$77,632 of computer equipment in Fiscal 2002 compared to \$28,520 of computer equipment in Fiscal 2001. Increased computer purchases in Fiscal 2002 resulted from growth in the customer base in Fiscal 2002 and in preparation for anticipated future growth in the customer base.

Financing Activities. Cash flows used from financing activities were \$830,677 for Fiscal 2002 compared to \$3,250,252 for Fiscal 2001. We had cash outflow of approximately \$800,000 in Fiscal 2002 relating to the repayment of debt and cash outflow in Fiscal 2001 resulting from the repayment of our credit facility relating to Matthew Markson Ltd. of \$3,199,452. During Fiscal 2002, the Company established a Trade Acceptance Draft program with AcTrade Financial Technologies which enables the Company to borrow up to \$150,000. A trade acceptance draft ("TAD") is a draft signed by the Company made payable to the order of a vendor providing services to the Company. AcTrade provides payment to the vendor and collects from the Company the amount advanced to the vendor (plus interest) under extended payment terms, generally 30,60 or 90 days.

We incurred debt in the acquisition of the license right to the Yellow-Page.Net URL. A total of \$4,000,000 was borrowed, \$2,000,000 from Joseph and Helen VanSickle, \$1,000,000 from shareholders of the Company and \$2,000,000 as a Note from Matthew & Markson Ltd. Management which has dedicated payments in the amount of \$100,000 per month for the payment of the VanSickle note. This note was paid in full subsequent to year end. Management had also dedicated payments to the Matthew & Markson note in the amount of \$100,000 per month, with the provision that no payment be made if we have less than 30 days operating capital reserved, or if we are in an uncured default with any of our lenders. The original note

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has been paid in full while a balance of \$115,866 remains on another note to Matthew & Markson. (see "Certain Relationships"). A total of 4,500,000 shares of our common stock were issued to secure these notes and are held in escrow.

Collections on accounts receivables are received primarily through the billing service integrators under contract to administer this billing and collection process. The billing service providers generally do not remit funds until they are collected. The billing companies maintain holdbacks for refunds and other uncertainties. Generally, cash is collected and remitted to us over a 90 to 120 day period subsequent to the billing dates. In August 2002, the Company entered into a new agreement with its primary billing service provider, IGT, whereby cash is remitted to us on a sixty day timetable beginning November 2002.

We market our products primarily through the use of direct mailers to businesses throughout the United States. We generally pay for these marketing costs when incurred and amortize the costs of direct-response advertising on a straight-line basis over eighteen months. The amortization lives are based on estimated attrition rates. During Fiscal 2002 we paid \$2,258,006 in advertising and marketing compared to \$3,781,485 in Fiscal 2001. Management anticipates the outlays for direct-response advertising to remain consistent over the next year.

The acquisition of Telco by the Company called for the issuance of 17,000,000 new shares of stock in exchange of the existing shares of Telco. As part of that agreement, the Company gave the former shareholders the right to "Put" back to the Company certain shares of stock at a minimum stock price of 80% of the current trading price with a minimum strike price of \$1.00. The net effect of which was that each of the former Telco shareholders could require the Company to repurchase shares of stock of the Company at a minimum cost of \$10,000,000. The agreement required the Company to attain certain market share levels.

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The "Puts" were renegotiated and retired. As part of the renegotiated settlement, the Company provided a credit facility of up to \$10,000,000 to each of the former Telco shareholders, collateralized by the stock held by these shareholders, with interest at least 0.25 points higher than the Company's average cost of borrowing. Additional covenants warrant that no more than \$1,000,000 can be advanced at any point in time and no advances can be made in excess with out allowing at least 30 days operating cash reserves or if the Company is in an uncured default with any of its lenders. At September 30, 2002, the Company had advanced \$233,073 under this agreement.

On September 20, 2002, the Company entered into Executive Consulting Agreements with Sunbelt Financial Concepts Inc. ("Sunbelt"), Advertising Management and Consulting Services, Inc. ("AMCS") and Advanced Interent Marketing Inc. ("AIM") relating to the employment of three executive managers and their respective staffs. (See Certain Relationships and Related Transactions"). As part of these agreements a Flex Compensation program was instituted. Under these agreements, each of Sunbelt, AMCS and AIM may annually draw up to \$220,000, \$50,000 and \$30,000 respectively subject to sufficient cash on hand at the Company. The amounts are increased by 10% annually and also contain a Due on Sale Clause, whereby if there is a change of control of the Company, as defined, then the respective agreements allows each to receive the greater of 30% of the amounts due under the respective agreements or 12 months worth of fees.

FUTURE OUTLOOK

For fiscal year 2003 we expect to continue our customer satisfaction program whereby we contact our existing customers for their many Mini-Webpage(TM) information and to develop and market new products. We also are generating a new revenue source to provide customer service and technical services to related and industry entities. We presently have agreements with Dial-Up Services, Inc. (dba Simple.Net) to provide both customer and technical services. Simple.Net is an Internet service provider ("ISP") beneficially owned by a director (Deval Johnson) of the Company. SN charges the Company's customers \$2.50 per month for internet access. (See Footnote 12 to the financial statements).

We have offered our customers Internet access services and are currently gaining customers weekly. Our dial-up ISP backbone provider is Simple.Net. Under our current provider's network, over 65 percent of the US's population has the ability to dial to a local point of presence. The remaining population will be allowed access through an 800 number solution. This revenue stream will prove vital in expanding our ability to reach various customer needs.

Our future success will depend on our ability to integrate continually and distribute information services of broad appeal. Our ability to maintain our relationships with content providers and to build new relationships with additional content providers is critical to our marketing plan.

#### FACTORS WHICH MAY AFFECT FUTURE OPERATING RESULTS

Set forth below and elsewhere in this Annual Report and in the other documents we file with SEC, including the most recent Form 10-QSB, are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in the Annual Report.

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

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**DEPENDENCE ON KEY PERSONNEL:** Our performance is substantially dependant on the performance of our executive officers and other key employees and our ability to attract, train, retain and motivate high quality personnel, especially highly qualified technical and managerial personnel. The loss of services of any executive officers or key employees could have a material adverse effect on our business, results of operations or financial condition. Competition for talented personnel is intense, and there is no assurance that we will be able to continue to attract, train, retain or motivate other highly qualified technical and managerial personnel in the future.

Since our Growth Rate may slow, operating results for a particular quarter are difficult to predict: We expect that in the future, our net sales may grow at a slower rate on a quarter-to-quarter basis than experienced in previous periods. This may be a direct cause of the projected changes to our direct marketing Pieces. See "MARKETING," above. As a consequence, operating results for a particular quarter are extremely difficult to predict. Our ability to meet financial expectations could be hampered if we are unable to correct the billing through the CLEC markets seen in the fourth quarter continue in the future. Additionally, in response to customer demand, we continue to attempt develop new products to reduce our customer attrition rates.

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

#### ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA YP.NET, INC.

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INDEPENDENT AUDITORS' REPORT  
-----

To the Stockholders and Board of Directors of  
YP.Net, Inc.:

We have audited the accompanying consolidated balance sheet of YP.Net, Inc. as of September 30, 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended September 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YP.Net, Inc. as of September 30, 2002, and the consolidated results of its operations and cash flows for each of the two years in the period ended September 30, 2002, in conformity with generally accepted accounting principles.

/s/ EPSTEIN, WEBER & CONOVER, P.L.C.  
Scottsdale, Arizona  
December 2, 2002

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<TABLE>  
<CAPTION>  
YP.NET, INC.

CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2002

<S>	<C>
ASSETS:	
CURRENT ASSETS	
Cash and cash equivalents	\$ 767,108
Accounts receivable, net	3,561,808
Prepaid expenses and other current assets	64,211
	-----
Total current assets	4,393,127
ACCOUNTS RECEIVABLE - long term portion	513,485
CUSTOMER ACQUISITION COSTS, net of accumulated amortization of \$718,594	1,418,227
PROPERTY AND EQUIPMENT, net	274,459
DEPOSITS AND OTHER ASSETS	150,725
INTELLECTUAL PROPERTY- URL, net of accumulated amortization of \$1,481,148	3,578,542
ADVANCES TO AFFILIATES	233,073
	-----
TOTAL ASSETS	\$10,561,638
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:	
CURRENT LIABILITIES:	
Accounts payable	\$ 195,396
Accrued liabilities	182,797
Notes payable - current portion	352,362
Deferred income taxes	87,221
Income taxes payable	486,243
	-----
Total current liabilities	1,304,019
NOTES PAYABLE - long-term portion	115,866
DEFERRED INCOME TAXES	5,921
	-----
Total liabilities	1,425,806
	-----

STOCKHOLDERS' EQUITY:	
Series E convertible preferred stock, \$.001 par value, 200,000 shares authorized, 131,840 issued and outstanding, liquidation preference \$39,552	11,206
Common stock, \$.001 par value, 50,000,000 shares authorized, 43,531,840 issued and outstanding	43,532
Paid in capital	4,287,207
Treasury stock at cost	(171,422)
Retained earnings	4,965,309
	-----
Total stockholders' equity	9,135,832
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$10,561,638
	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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<TABLE>  
<CAPTION>  
YP.NET, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND SEPTEMBER 30, 2001

	2002	2001
	-----	-----
<S>		
NET REVENUES	\$13,232,743	\$13,501,966
	-----	-----
OPERATING EXPENSES:		
Cost of services	3,811,394	6,150,085
General and administrative expenses	4,754,665	3,987,040
Sales and marketing expenses	963,868	688,349
Depreciation and amortization	581,290	603,426
	-----	-----
Total operating expenses	10,111,217	11,428,900
	-----	-----
OPERATING INCOME	3,121,526	2,073,066
	-----	-----
OTHER (INCOME) AND EXPENSES		
Interest expense and other financing costs	92,341	571,248
Interest income	(17,682)	(7,342)
Other Income	(403,622)	(1,533,568)
	-----	-----
Total other expense	(328,963)	(969,662)
	-----	-----
INCOME BEFORE INCOME TAXES	3,450,489	3,042,728
INCOME TAX PROVISION (BENEFIT)	(245,974)	1,230,447
	-----	-----
NET INCOME	\$ 3,696,463	\$ 1,812,281
	=====	=====
NET INCOME PER SHARE:		
Basic	\$ 0.08	\$ 0.04
	=====	=====
Diluted	\$ 0.08	\$ 0.04
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	43,745,045	40,623,126
	=====	=====
Diluted	43,745,045	40,623,126
	=====	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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<TABLE>  
<CAPTION>  
YP.NET, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE  
YEARS ENDED SEPTEMBER 30, 2002 AND SEPTEMBER 30, 2001

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COMMON STOCK	PREFERRED A	TREASURY	PAID-IN	RETAINED
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	SHARES	AMOUNT	SHARES	AMOUNT	STOCK	CAPITAL	EARNINGS
<S> BALANCE OCTOBER 1, 2000	<C> 40,560,464	<C> \$40,561	<C> 1,500,000	<C> \$ 1,500	<C> \$ (69,822)	<C> \$ 5,769,113	<C> \$ (542,941)
Common stock issued for consulting services	850,000	850				147,950	
Common stock received and retired under legal settlements	(1,596,784)	(1,597)				(1,723,433)	
Common stock issued for extension on debt	4,000,000	4,000				356,000	
Cancellation of preferred stock			(1,500,000)	(1,500)			
Purchase of treasury stock					(101,600)		
Value of common stock warrants issued						7,176	
Net income							1,812,281
BALANCE SEPTEMBER 30, 2001	43,813,680	\$43,814	-	\$ -	\$ (171,422)	\$ 4,556,806	\$1,269,340

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	TOTAL
<S> BALANCE OCTOBER 1, 2000	<C> \$ 5,198,411
Common stock issued for consulting services	148,800
Common stock received and retired under legal settlements	(1,725,030)
Common stock issued for extension on debt	360,000
Cancellation of preferred stock	(1,500)
Purchase of treasury stock	(101,600)
Value of common stock warrants issued	7,176
Net income	1,812,281
BALANCE SEPTEMBER 30, 2001	\$ 5,698,538

</TABLE>

(CONTINUED)

The accompanying notes are an integral part of these consolidated financial statements

A-6

<TABLE>  
<CAPTION>  
YP.NET, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND SEPTEMBER 30, 2001 (CONTINUED)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	PREFERRED E SHARES	PREFERRED E AMOUNT	TREASURY STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
<S> BALANCE OCTOBER 1, 2001	<C> 43,813,680	<C> \$43,814	<C> -	<C> \$ -	<C> \$ (171,422)	<C> \$4,556,806	<C> \$1,269,340	<C> \$5,698,538
Common stock issued for services	100,000	100				8,900		9,000
Common stock received and retired under legal settlements	(250,000)	(250)				(267,425)		(267,675)
Series E preferred stock issued in exchange for common shares	(131,840)	(132)	131,840	11,206		(11,074)		-
Series E preferred stock dividends							(494)	(494)
Net income							3,696,463	3,696,463
BALANCE SEPTEMBER 30, 2002	43,531,840	\$43,532	131,840	\$11,206	\$ (171,422)	\$4,287,207	\$4,965,309	\$9,135,832

</TABLE>

The accompanying notes are an integral part of these consolidated financial



<TABLE>  
<CAPTION>  
YP.NET, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE  
YEARS ENDED SEPTEMBER 30, 2002 AND SEPTEMBER 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:	2002	2001
<S>	<C>	<C>
Net income	\$ 3,696,463	\$ 1,812,281
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	581,290	603,426
Issuance of common stock as compensation for services	9,000	148,800
Penalties related to acquisition debt paid by issuance of debt, warrants and stock	-	917,967
Non-cash income recognized on return of common stock related to legal settlements	(267,675)	(1,725,030)
Deferred income taxes	490,101	268,556
Provision for uncollectible accounts	1,375,226	(760,859)
Changes in assets and liabilities:		
Accounts receivable	(2,580,410)	1,617,467
Customer acquisition costs	(1,224,983)	37,654
Prepaid and other current assets	(44,042)	79,060
Deposits and other assets	(127,438)	(11,500)
Accounts payable	(119,511)	161,089
Accrued liabilities	106,069	(230,644)
Income taxes payable	(736,075)	961,891
Net cash provided by operating activities	1,158,015	3,880,158
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances made to affiliate	(116,757)	(137,152)
Expenditures for intellectual property	(49,688)	-
Purchases of equipment	(77,632)	(28,520)
Net cash used for investing activities	(244,077)	(165,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments on borrowings from line of credit	-	(1,577,547)
Principal repayments on notes payable	(830,677)	(1,621,905)
Purchase of treasury stock	-	(50,800)
Net cash used for financing activities	(830,677)	(3,250,252)
INCREASE IN CASH AND CASH EQUIVALENTS	83,261	464,234
CASH AND CASH EQUIVALENTS, beginning of year	683,847	219,613
CASH AND CASH EQUIVALENTS, end of year	\$ 767,108	\$ 683,847

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

YP.NET, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS, (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

SUPPLEMENTAL CASH FLOW INFORMATION:

	2002	2001
Interest Paid	\$99,541	\$421,013
Income taxes paid	\$ -0-	\$ -0-

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

	2002	2001
Common stock issued for services	\$ 9,000	\$148,800
Note payable issued in payment of debt extension fee	\$ -0-	\$550,791

Value of common stock issued as payment of debt extension fee	\$ -0-	\$360,000
	=====	=====
Common stock exchanged for Series E Convertible Preferred Stock	\$11,206	\$ -0-
	=====	=====
Liability incurred for purchase of treasury stock	\$ -0-	\$ 50,800
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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YP.NET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

1. ORGANIZATION AND BASIS OF PRESENTATION

YP.Net, Inc. (the "Company"), formally RIGL Corporation, had previously attempted to develop software solutions for medical practice billing and administration. The Company had made acquisitions of companies performing medical practice billing services as test sites for its software and as business opportunities. The Company was not successful in implementing its medical practice billing and administration software products and looked to other business opportunities. The Company acquired Telco Billing Inc. ("Telco") in June 1999, through the issuance of 17,000,000 shares of the Company's common stock. Prior to its acquisition of Telco, RIGL had not generated significant or sufficient revenue from planned operations.

Telco was formed in April 1998, to provide advertising and directory listings for businesses on its Internet web site in a "Yellow Page" format.

Telco provides those services to its subscribers for a monthly fee. These services are provided primarily to businesses throughout the United States. Telco became a wholly owned subsidiary of YP.Net, Inc. after the June 16, 1999 acquisition.

At the time that the transaction was agreed to, the Company had 12,567,770 common shares issued and outstanding. As a result of the merger transaction with Telco, there were 29,567,770 common shares outstanding, and the former Telco stockholders held approximately 57% of the Company's voting stock. For financial accounting purposes, the acquisition was a reverse acquisition of the Company by Telco, under the purchase method of accounting, and was treated as a recapitalization with Telco as the acquirer. Consistent with reverse acquisition accounting: (i) all of Telco's assets, liabilities, and accumulated deficit were reflected at their combined historical cost (as the accounting acquirer) and (ii) the preexisting outstanding shares of the Company (the accounting acquiree) were reflected at their net asset value as if issued on June 16, 1999.

The accompanying financial statements represent the consolidated financial position and results of operations of the Company and include the accounts and results of operations of the Company and Telco, its wholly owned subsidiary, for the years ended September 30, 2002 and September 30, 2001. Certain reclassifications have been made to the September 30, 2001 balances to conform to the 2002 presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: This includes all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. At times cash deposits may exceed government insured limits. At September 30, 2002, cash deposits exceeded those insured limits by \$563,000.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Telco Billing, Inc. All significant intercompany accounts and transactions are eliminated.

Customer Acquisition Costs: These costs represent the direct response marketing costs that are incurred as the primary method by which customers subscribe to the Company's services. The Company purchases mailing lists and sends advertising materials to prospective subscribers from those lists. Customers subscribe to the services by positively responding to those advertising materials which serve as the contract for the subscription. The Company capitalizes and amortizes the costs of direct-response advertising on a straight-line basis over eighteen months, the estimated average period of retention for new customers. The Company capitalized costs of \$1,941,000 and \$575,000 during the years ended September 30, 2002 and 2001 respectively. The Company amortized \$719,000 and \$613,000, respectively, of these capitalized costs during the years ended September 30, 2002 and 2001.

The Company also incurs advertising costs that are not considered direct-response advertising. These other advertising costs are expensed when incurred. These advertising expenses were \$245,000 and \$75,000 for the

years ended September 30, 2002 and 2001 respectively.

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Property and Equipment: Property and equipment is stated at cost less

accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 5 years. Depreciation expense was \$178,058 and \$156,343 for the years ended September 30, 2002 and 2001 respectively.

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

subscriptions of directory and advertising services. Revenue is billed and recognized monthly for services subscribed in that specific month. The Company utilizes outside billing companies to transmit billing data, much of which is forwarded to Local Exchange Carriers ("LEC's") that provide local telephone service. Monthly subscription billings are generally included on the telephone bills of the customers. Due to billings submitted by the Company being subject to adjustment by the billing companies and the LEC's, the Company recognizes revenue based on net billings accepted by the LEC's. Due to the periods of time for which adjustments may be reported by the LEC's and the billing companies, the Company estimates and accrues for dilution and fees reported subsequent to year-end for initial billings related to services provided for periods within the fiscal year. Revenues generated under billings through the LEC's were approximately \$12,311,000 and \$13,005,000 for the fiscal years ended September 30, 2002 and September 30, 2001 respectively.

Revenue for billings to certain customers whom are billed directly by the Company and not through the LEC's, is recognized based on estimated future collections. Collections under this billing process have historically been poor. Monthly direct bill subscription fee revenue is recognized as earned within the month for which the service is provided. However, these monthly billings are adjusted to take into consideration the poor collection experience. The Company continuously reviews this estimate for reasonableness based on its collection experience. Revenues generated under direct billings were \$651,000 and \$529,000 for the years ended September 30, 2002 and 2001 respectively.

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

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

Financial Instruments: Financial instruments consist primarily of cash,

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

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

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

Use of Estimates: The preparation of financial statements in conformity

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

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

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

123, Accounting for Stock-Based Compensation, ("SFAS 123") established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation. In accordance with SFAS 123, the Company has elected to continue accounting for stock based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The proforma effect of the fair value method is discussed in Note 15.

Impairment of Long-lived Assets: The Company assesses long-lived assets for

impairment in accordance with the provisions of SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS 121 requires that the Company assess the value of a long-lived asset whenever there is an indication that its carrying amount may not be recoverable. Recoverability of the asset is determined by comparing the forecasted undiscounted cash flows generated by said asset to its carrying value. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

Recently Issued Accounting Pronouncements: In June 2001, the Financial

Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets. The Company will be required to adopt SFAS No. 142 at the beginning of its 2003 fiscal year. The Company is currently reviewing the impact of adoption of SFAS 142, but does not believe the adoption of such will have a material effect on the financial position and results of operations of the Company.

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In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations. The Company is currently reviewing the impact of adoption of SFAS 143, but does not believe the adoption of such will have a material effect on the financial position and results of operations of the Company.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The Company will be required to adopt SFAS No. 144 at the beginning of its 2003 fiscal year. SFAS No. 144 supersedes SFAS 121, but carries over most of its general guidance. The Company is currently reviewing the impact of adoption of SFAS 144, but does not believe the adoption of such will have a material effect on the financial position and results of operations of the Company. However, the provisions of SFAS will be applied to long-lived assets such as the URL.

3. ACCOUNTS RECEIVABLE

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

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

The Company entered into a customer billing service agreement with Integretel, Inc. Integretel provides the majority of the Company's billings, collections, and related services. The net receivable due from Integretel at September 30, 2002 was \$3,955,218, including an allowance for doubtful accounts of \$1,695,093.

At September 30, 2002, the Company still had certain amounts due from Enhanced Services Billing, Inc. (ESBI). In prior years, ESBI provided billing and collection services very similar to Integretel, discussed above, but was gradually phased out during the year. The receivable due from ESBI at September 30, 2002 of \$154,037 has been fully reserved as collectibility of the remaining amount is doubtful.

Subscription receivables that are directly billed by the Company are valued and reported at the estimated future collection amount. Determining the expected collections requires an estimation of both uncollectible accounts and returns and allowances. The net subscriptions receivable at September 30, 2002 was \$108,659.

Gross accounts receivable and the aggregate related allowance was \$5,944,422 and \$1,869,129 at September 30, 2002. The following allowances on accounts receivable existed at September 30, 2002:

Allowance for doubtful accounts	\$ 1,034,899
Allowance for billing company holdbacks	545,608
Allowance for LEC holdbacks	288,622
Total	\$ 1,869,129

The Company expensed billing fees to the LEC's and third party billing companies of \$1,718,573 and \$5,544,906 for the years ended September 30, 2002 and 2001 respectively.

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4. INTELLECTUAL PROPERTY

In connection with the Company's acquisition of Telco, the Company was required to provide accelerated payment of license fees for the use of the Internet domain name or Universal Resource Locator (URL) Yellow-page. net.

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 Telco had previously entered into a 20-year license agreement for the use of the URL with one of its two 50% stockholders. The original license agreement required annual payments of \$400,000. However, the agreement stated that upon a change in control of Telco, a \$5,000,000 accelerated payment is required to maintain the rights under the licensing agreement. The URL holder agreed to discount the accelerated payments from \$8,000,000 to \$5,000,000 at the time of the acquisition. The Company agreed to make that payment upon effecting the acquisition of Telco.

The Company made a \$3,000,000 cash payment and issued a note payable for \$2,000,000 to acquire the licensing rights of the URL. The Company also issued 2,000,000 shares of its common stock to be held as collateral on the note. The note payable was originally due on July 15, 1999. The Company failed to make the \$2,000,000 payment when due. The repayment terms were renegotiated to extend the due date to January 15, 2000. The Company was required to pay an extension fee of \$200,000 at that time. The Company again renegotiated the repayment terms on April 26, 2000, to a demand note, with monthly installments of \$100,000, subject to all operating requirements, which, management believes, have subsequently been met by the Company.

In the year ended September 30, 2001, the former URL holder claimed that it was due additional amounts for the prior loan extensions. The Company reached a settlement with the former URL holder that required the Company to issue to the former URL holder, 4,000,000 shares of the Company's common stock, warrants to purchase 500,000 shares of the Company's common stock and a note payable for \$550,000. The Company recorded an expense of approximately \$917,000 related to the settlement representing the principal amount of the note payable, \$360,000 as the fair value of the 4,000,000 common shares and \$7,176 as the fair value of the warrants. The value of the common stock was determined on the basis of the quoted trading price of the shares on the date of the agreement. The fair value of the warrants was determined on the using the Black-Scholes option pricing model.

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

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

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 periodically analyzes the carrying value of this asset to determine if impairment has occurred. No such impairments were identified during the year ended September 30, 2002. The URL is amortized on an accelerated basis over the twenty-year term of the licensing agreement. Amortization expense on the URL was \$403,232 and \$471,667 for the years ended September 30, 2002 and 2001 respectively.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2002:

Leasehold improvements	\$ 332,492
Furnishings and fixtures	108,629
Office and computer equipment	256,588
	-----
Total	697,709
Less accumulated depreciation	(423,250)
	-----
Property and equipment, net	\$ 274,459
	=====

The Company has provided certain office equipment and leasehold improvements to an affiliated entity at no cost to that affiliated entity. This arrangement was made as part of the Company's original default settlement with the prior owners of the URL discussed in Note 4. The Company retains title and control of these assets; however, they are not being used by the Company. The net book value of the office equipment and leasehold improvements being utilized by the affiliated entity was approximately \$60,000 at September 30, 2002.

6. NOTES PAYABLE AND LINE OF CREDIT

Notes payable at September 30, 2002 are comprised of the following:

Note payable to stockholders, original balance of 2,000,000, interest at 10% per annum. Repayment terms require monthly installments of \$100,000 plus interest. Due January 11, 2002. Collateralized by 2,000,000 shares of the Company's common stock. Note was paid off subsequent to September 30, 2002.	\$205,362
Note payable to former Telco stockholders, original balance of \$550,000, interest at 10.5% per annum. Repayment terms require monthly installments of principal and interest of \$19,045 beginning December 15, 2002. Stated maturity September 25, 2004. Collateralized by all assets of the Company.	115,866
Trade acceptance draft, interest at 12.25% per annum, due November 4, 2002. Collateralized by certain trade	

accounts receivable.	147,000
	468,228
	-----
Less current portion	352,362
Totals	\$115,866
	-----

Subsequent to year-end, the Company settled the outstanding amount due on the note payable to stockholder resulting in an immaterial gain on extinguishment.

The note payable to the former Telco stockholders totaled \$550,000 at the beginning of the fiscal year. In accordance with instructions that the Company received from said stockholders, the Company has made payments to third parties on behalf of the stockholders and applied those payments as reductions to the note payable. Said stockholders are not a part of management or on the Board of Directors of the Company. Payments on the note were accelerated at the option of the Company. Although the note calls for monthly payments of \$19,045, the Company would not be required to make another payment until February 2004 under the original repayment provisions of the note. The full remaining balance of \$115,866 is due in the year ended September 30, 2004.

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The trade acceptance draft is effected similarly to factoring accounts receivable. The Company enters into separate financing agreements with the lender for specific accounts receivable.

7. PROVISION FOR INCOME TAXES

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

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

Income taxes for years ended September 30, is summarized as follows:

	2002	2001
	-----	-----
Current Provision	\$ 486,243	\$ 961,891
Deferred (Benefit) Provision	(732,217)	268,556
	-----	-----
Net income tax provision	\$ (245,974)	\$1,230,447
	=====	=====

A reconciliation of the differences between the effective and statutory income tax rates for years ended September 30, is as follows:

	A-14			
	2002		2001	
	-----		-----	
Federal statutory rates	\$ 1,173,166	34%	\$1,034,527	34%
State income taxes	241,534	7%	197,777	6%
Utilization of valuation allowance	(1,471,141)	(43)%	-	-
Change in estimate of NOL due to structuring changes	(143,575)	(4)%	-	-
Other	(45,958)	(1)%	(1,857)	-
	-----		-----	
Effective rate	\$ (245,974)	(7)%	\$1,230,447	40%
	=====		=====	

At September 30, 2002, deferred income tax assets totaling \$593,984 were comprised of \$494,252 and \$99,733 related to differences in book and tax bases of accounts receivable and intangible assets respectively. During the year ended September 30, 2002 the valuation allowance was reduced by \$1,471,000. There was no change in the valuation allowance in the year ended September 30, 2001.

At September 30, 2002 deferred tax liabilities of \$687,127 were comprised of \$581,473 and \$105,654 related to differences in book and tax bases of customer acquisition costs and property and equipment respectively.

8. LEASES

The Company leases its office space and certain equipment under long-term operating leases expiring through fiscal year 2005. Rent expense under these leases was \$145,052 and \$175,464 for the years ended September 30, 2002 and 2001, respectively.

Future minimum annual lease payments under operating lease agreements for years ended September 30 are as follows:

2003	\$138,015
2004	42,417
2005	28,278
	-----
Total	\$208,710
	=====

9. STOCKHOLDERS' EQUITY

Common Stock Issued for Services

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The Company has historically granted shares of its common stock to officers, directors and consultants as payment for services rendered. The value of those shares was determined based on the trading value of the stock at the dates on which the agreements were made for the services. During the year ended September 30, 2002, the Company issued 100,000 shares of common stock to officers and directors valued at \$9,000.

During the year ended September 30, 2001, the Company issued 850,000 shares of common stock to officers, directors and consultants valued at \$148,800

Common Shares Received and Retired Under Legal Settlements

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The Company made claims against numerous parties for return of common shares issued in the fiscal year ended September 30, 1999 to consultants by former management. Some of these claims resulted in litigation. During the years ended September 30, 2002 and 2001, the Company settled with seven of those parties resulting in 250,000 and 1,596,784 shares in 2002 and 2001, respectively, of the Company's common stock being returned and retired. These transactions have been recognized as other income of \$267,675 and \$1,725,030 in the accompanying statements of operations for the years ended September 30, 2002 and 2001, respectively. The rescission and return of the common stock was recorded at the value of the original transactions that were rescinded, that is, the recorded expense for the original issuance of the shares was, in effect, reversed in the years ended September 30, 2002 and 2001.

Common Stock Issued for Debt Extension

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The former holder of the Yellow-page.net. URL made a claim against the

Company in the year ended September 30, 2001. The former URL holder claimed that it was owed \$1,000,000 that represented a loan extension fee for an extension given in 1999. The Company disputed the claim but ultimately settled with the former URL holder. The settlement agreement required the Company to pay the former URL holder \$550,000, 4,000,000 shares of the Company's common stock and warrants for and additional 500,000 shares of the Company's common stock. The Company recorded an expense of approximately \$917,000 related to the settlement representing the principal amount of the note payable, \$360,000 as the fair value of the 4,000,000 common shares and \$7,176 as the fair value of the warrants. The value of the common stock was determined on the basis of the quoted trading price of the shares on the date of the agreement. The fair value of the warrants was determined on the using the Black-Scholes option pricing model.

Series E Convertible Preferred Stock

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During the year ended September 30, 2002, the Company created a new series of capital stock, the Series E Convertible Preferred Stock. The Company authorized 200,000, \$0.001 par value shares. The shares carry a \$0.30 per share liquidation preference and accrue dividends at the rate of 5% per annum on the liquidation preference per share, payable quarterly from legally available funds. If such funds are not available, dividends shall continue to accumulate until they can be paid from legally available funds. Holders of the preferred shares shall be entitled, after two years from issuance, to convert them into common shares on a one-to-one basis together with payment of \$0.45 per converted share.

During the year ended September 30, 2002, pursuant to an existing tender offer, holders of 131,840 shares of the Company's common stock exchanged said shares for an equal number of the Series E Convertible Preferred shares, at the then \$0.085 market value of the common stock. As of September 30, 2002, the liquidation preference value of the outstanding Series E Convertible Preferred Stock was \$39,552, and dividends totaling \$494 had been accrued and paid associated with said shares.

Treasury Stock

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During the year ended September 30, 2001, the Company acquired 254,000 shares of its common stock from a single stockholder for \$101,600. At September 30, 2002, there were 3,858,500 shares of stock held in treasury.

Other

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The Company granted 1,700,000 shares of Series B preferred stock to certain employees during the year ended September 30, 1999. The Series B preferred stock has no stated dividend. The Series B preferred shares were convertible to common stock at the option of the holder. The shares were convertible at varying rates depending upon the trading price of the common stock at the time of conversion. The initial conversion rate was one share of common for each share of preferred. Conversion may not occur until certain "trigger events" occur and all rights with respect to the preferred shares terminate on November 30, 2004. "Trigger events" are defined as trading prices of the Company's common stock reaching or exceeding \$5 through \$10 per share and net income reaching or exceeding \$5,000,000. No value was assigned to the preferred shares in the accompanying balance sheet nor was any compensation expense recognized for the year ended September 30, 2001, because the preferred shares were not exercisable at the time of issuances because of the failure of the Company to meet the "trigger events". Subsequently, management has cancelled the Series B preferred stock and rescinded those issuances and all shares of the Series B preferred stock were returned as of September 30, 2001.

10. COMMITMENTS AND CONTINGENCIES

Telco Billing  
-----

The acquisition of Telco by the Company called for the issuance of 17,000,000 new shares of stock in exchange of the existing shares of Telco. As part of that agreement, the Company gave the former shareholders the right to "Put" back to the Company certain shares of stock at a minimum stock price of 80% of the current trading price with a minimum strike price of \$1.00. The net effect of which was that each of the former Telco shareholders could require the Company to repurchase shares of stock of the Company at a minimum cost of \$10,000,000. The agreement required the Company to attain certain market share levels.

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The "Puts" were renegotiated and retired. As part of the renegotiated settlement, the Company provided a credit facility of up to \$10,000,000 to each of the former Telco shareholders, collateralized by the stock held by these shareholders, with interest at least 0.25 points higher than the Company's average cost of borrowing. Additional covenants warrant that no more than \$1,000,000 can be advanced at any point in time and no advances can be made in excess with out allowing at least 30 days operating cash reserves or if the Company is in an uncured default with any of its lenders. The advance agreement has no stipulated expiration date. At September 30, 2002, the Company had advanced \$233,073 under this agreement. The interest rate on these advances was 8% at September 30, 2002. Based on the requirement for 30 days cash reserve, the Company estimates that the maximum balance that could be drawn under this agreement at September 30, 2002 is approximately \$525,000. At September 30, 2002, \$233,073 was drawn on the advance agreement.

Billing Service Agreements  
-----

The Company has entered into a customer billing service agreement with Integretel, Inc. (IGT). IGT provides billing and collection and related services associated to the telecommunications industry. The agreement term is for two years, automatically renewable in two-year increments unless appropriate notice to terminate is given by either party. The agreement will automatically renew on September 1, 2003, unless either party gives notice of termination 90 days prior to that renewal date. Under the agreement, IGT bills, collects and remits the proceeds to Telco net of reserves for bad debts, billing adjustments, telephone company fees and IGT fees. If either the Company's transaction volume decreases by 25% from the preceding month, less than 75% of the traffic is billable to major telephone companies, IGT may at its own discretion increase the reserves and holdbacks under this agreement. IGT handles all billing information and collection of receivables. The Company's cash receipts on trade accounts receivable are dependent upon estimates pertaining to holdbacks and other factors as determined by IGT. IGT may at its own discretion increase the reserves and holdbacks under this agreement.

The Company has also entered into an agreement with ACI Billing Services, Inc. ACI provides billing and collection and related services associated to the telecommunications industry.

These agreements with the billing companies provide significant control to the billing companies over cash receipts and ultimate remittances to the Company. The Company estimates the net realizable value of its accounts receivable on historical experience and information provided by the billing companies reflecting holdbacks and reserves taken by the billing companies and LEC's.

United States Federal Trade Commission (FTC)  
-----

The Company was a subject of an FTC investigation pertaining to claims made of deceptive marketing practices. The Company has reached an agreement with the FTC requiring the Company to make certain changes to mailing and promotional materials and notify certain customers that a refund of past



paid service fees is available. The settlement requires the Company to notify approximately 11,000 customers. Each of those customers may receive a refund of up to \$12.50. At September 30, 2001, the Company accrued \$45,413 which was paid in the year ended September 30, 2002. Management does not believe that there will be any additional material refunds. The Company may also be required to pay certain expenses incurred in the FTC investigation. The Company intends to contest payment of these expenses but believes that if such is a requirement of any final settlement with the FTC, the amount could range from \$50,000 to \$70,000.

#### 11. NET INCOME PER SHARE

Net loss per share is calculated using the weighted average number of shares of common stock outstanding during the year. Preferred stock dividends are subtracted from the net income to determine the amount available to common shareholders. There were \$494 and \$ 0 preferred stock dividends in the years ended September 30, 2002 and 2001, respectively. Warrants to purchase 500,000 shares of common stock were excluded from the calculation for the year ended September 30, 2002. The exercise price of those warrants was greater than the trading value of the common stock and therefore inclusion of such would be anti-dilutive. Also excluded from the calculation were 131,840 shares of Series E Convertible Preferred Stock issued during the year ended September 30, 2002, which are considered anti-dilutive due to the cash payment required by the holders of the securities at the time of conversion.

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The following presents the computation of basic and diluted loss per share from continuing operations:

<TABLE>  
<CAPTION>

	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per share
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Income	\$3,696,463			\$1,812,281		
Preferred stock dividends	(494)			-		
Income available to common Stockholders	\$3,695,969			\$1,812,281		
BASIC EARNINGS PER SHARE:						
Income available to common stockholders	\$3,695,969	43,745,045	\$ 0.08	\$1,812,281	40,623,126	\$ 0.04
Effect of dilutive securities	N/A	N/A		N/A	N/A	
DILUTED EARNINGS PER SHARE	\$3,695,969	43,745,045	\$ 0.08	\$1,812,281	40,623,126	\$ 0.04

</TABLE>

#### 12. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2002 and 2001, the Company entered into the related party transactions with Board members, officers and affiliated entities as described below:

##### Directors & Officers

Board of Director fees for the years ended September 30, 2002 and 2001 were \$101,120 and \$45,000 respectively. The Company also paid entities owned or controlled by certain board members \$147,625 and \$147,000 in 2002 and 2001, respectively, for consulting services other than routine Board duties. At September 30, 2002, \$40,000 of the 2002 amount was accrued but unpaid. The Company also granted 100,000 shares of common stock to certain directors as part of their Board of Director fees for the year ended September 30, 2002.

During the year ended September 30, 2002, the Company made loans to its Chief Executive Officer and its Chief Financial Officer. The Board of Directors approved the loans as part of the officers' respective compensation packages. The loans carried an 8% interest rate and were collateralized by shares of Company common stock owned by the officers' valued at the greater of \$1.00 per share or the current market price of the shares. The loans to the CEO and CFO totaled approximately \$200,000 and \$17,000 respectively. At September 30, 2002, the loan to the CEO was repaid and a bonus of a similar amount was paid. In May 2002, the CFO resigned. The Company believes the value of the collateral may not be sufficient to cover the outstanding loan balance. Thus, the Company has fully reserved the balance due on the loan.

At September 30, 2002, the Company had advanced \$15,000 to its CEO related to his fiscal 2003 compensation and recorded a corresponding receivable. This amount will be amortized to compensation expense during the 2003 fiscal year. During the year ended September 30, 2001, the Company paid an entity controlled by its CEO approximately \$158,000 for consulting services. During the years ended September 30, 2002 and 2001, the Company paid approximately \$70,000 and \$67,000, respectively, to an entity owned by its former CFO for other professional services. During the year ended

September 30, 2002, the Company paid approximately \$27,000 to an entity owned by its former COO for certain consulting services he provided to the Company subsequent to his June 2002 termination of employment.

Simple.Net, Inc. ("SN")  
-----

The Company has contracted with Simple.Net, Inc. ("SN"), an internet service provider owned by a director of the Company, to provide internet dial-up and other services to its customers. SN has sold said services to the Company at below market rate prices from time to time. During the years ended September 30, 2002 and 2001, the Company paid SN approximately \$55,000 and \$68,000, respectively for said services. At September 30, 2002, \$40,963 due SN was accrued in accounts payable.

In addition, SN pays a monthly fee to the Company for technical support and customer service provided to SN's customers by the Company's employees. The Company charges SN for these services according to a per customer pricing formula:

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Customer Service & Management Agreement fees are calculated by number of customer records of SN multiplied by a base cost of \$1.02.

Technical Support fees are calculated by number of customer records of SN multiplied by a base cost of 60 cents.

For the years ended September 30, 2002 and 2001, the Company recorded revenues of approximately \$300,901 and \$22,813, respectively, from SN for these services.

Prior to July 2002, the Company provided accounting functions to SN for a \$2,500 monthly fee. This arrangement was canceled in July 2002.

The principal stockholders of the Company have provided significant financing to SN in the form of interest bearing loans. Said stockholders are not involved in the management of or represented on the boards of the Company or SN.

Commercial Finance Services d/b/a/ HR Management ("CFS")  
-----

The Company leases its employees from Commercial Finance Services, Inc. d/b/a HR Management (CFS). CFS provides factoring and financing services as well as act as a professional employer organization ("PEO") for small to mid-sized companies. CFS does not provide any services to the Company, other than those of a PEO. The majority of the Company's payroll is paid via CFS. This arrangement allows the Company to offer additional employee benefits by sharing those costs with other clients of CFS. The Company pays CFS a monthly fee of \$2,800 for payroll and benefit administration.

The majority owner of CFS is Central Account Services, Inc. (CAS). CAS is partially owned by the Company's primary legal counsel (3% ownership) and its former CFO (4% ownership). The remaining ownership of CAS is unrelated to the Company. The principal stockholders of the Company have provided significant financing to CFS in the form of an interest bearing loan. Said stockholders are not involved in the management of or represented on the boards of the Company or SN.

Business Executive Services, Inc.  
-----

The Company has contracted with Business Executive Services, Inc. ("BESI"), an entity affiliated through certain common management, for processing of direct mail solicitation, welcome letters, and other customer communications. BESI subleases a portion of the Company's office space.

The Company pays a base fee of \$15,750 per month plus a fee based on a per mail piece price of \$0.015 based on the number of mail pieces prepared and sent. The floor amount is adjusted quarterly. During the year ended September 30, 2002, the Company paid \$176,149 to BESI related to this agreement.

A director (Greg Crane) of the Company was employed, through an employee leasing arrangement, by BESI and received a salary of approximately \$2,000 per month from BESI and bonuses in an undetermined amount. Mr. Crane is no longer employed by BESI. BESI has no ownership in the Company. The Company paid BESI \$90,000 under this arrangement.

Advertising Management & Consulting Services, Inc.  
-----

Advertising Management & Consulting Services Inc. ("AMCS"), is a marketing and advertising company experienced in designing Direct Marketing Pieces, insuring compliance with regulatory authorities for those pieces and designing new products that can be mass marketed through the mail. AMCS' president is a director of the Company.

The Company outsources the design and testing of its many direct mail pieces to AMCS for a monthly fee of \$20,000 per month. AMS is also solely responsible for the new products that have been added to the Company's website and is working on new mass-market products to offer the Company's customers.

Other

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As part of the Company's original default settlement with the prior owners of the URL discussed in Note 4, the Company has provided certain equipment and improvements to an affiliated entity at no cost to that affiliated entity. The Company retains title and control of these assets. However, the assets are not being utilized by the Company. The net book value of the office equipment and leasehold improvements being utilized by the affiliated entity was approximately \$60,000 at September 30, 2002. The Company is also providing office space to this entity for substantially below market rental rates. This entity is affiliated through commonality of certain management members.

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Advances to affiliates are summarized as follows at September 30, 2002:

Sunbelt Financial	\$ 197,640
	=====
The Thompson Group	16,899
Mathew & Markson	233,073
Total	447,612
	-----
Less allowance	(214,539)
Total	\$ 233,073
	-----

### 13. CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at banks in Arizona. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2002, the Company had bank balances exceeding those insured limits of \$580,000.

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily trade accounts receivable. The trade accounts receivable are due primarily from business customers over widespread geographical locations within the LEC billing areas across the United States. The Company historically has experienced significant dilution and customer credits due to billing difficulties and uncollectible trade accounts receivable. The Company estimates and provides an allowance for uncollectible accounts receivable. The handling and processing of cash receipts pertaining to trade accounts receivable is maintained primarily by a single third party billing company. The Company is dependent upon this billing company for collection of its accounts receivable.

### 14. STOCK BASED COMPENSATION

From time to time, the Company issues stock options to executives, key employees and members of the Board of Directors. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," and continues to account for stock based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". Accordingly, no compensation cost has been recognized for stock options granted to employees. There were no options granted in the years ended September 30, 2002 and 2001 nor was there any additional vesting of options previously granted.

During the year ended September 30, 2002, the Company's shareholders approved the 2002 Employees, Officers & Directors Stock Option Plan (the 2002 Plan). Under the 2002 Plan, the total number of shares of common stock that may be granted is 3,000,000. The Plan provides that shares granted come from the Corporation's authorized but unissued common stock. The price of the options granted under this plan shall not be less than 100% of the fair market value, or in the case of a grant to a principal shareholder, not less than 110% of the fair market value of such common shares at the date of grant. The options expire 10 years from the date of grant. At September 30, 2002, no stock options had been granted under the 2002 Plan.

Under the Employee Incentive Stock Option Plan approved by the stockholders in 1998, the total number of shares of common stock that may be granted is 1,500,000. The plan provides that shares granted come from the Corporation's authorized but unissued common stock. The price of the options granted pursuant to this plan shall not be less than 100 percent of the fair market value of the shares on the date of grant. The options expire from five to ten years from date of grant. At September 30, 2002, the Company had granted an aggregate of 1,212,000 options under this plan, all of which had expired as of September 30, 2001.

In addition to the Employee Incentive Stock Option Plan, the Company will occasionally grant options to consultants and members of the board of directors under specific stock option agreements. There were no such options granted in the years ended September 30, 2002 and 2001.

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At September 30, 2002, there were no options exercisable or outstanding. No options were granted in the years ended September 30, 2002 and 2001.

The Company has issued warrants in connection with certain debt and equity transactions. Warrants outstanding are summarized as follows:

2002	2001
----	----

		Weighted Average Exercise Price		Weighted Average Exercise Price
Warrants outstanding at beginning of year	500,000	\$ 2.12	350,000	\$ 2.00
Granted	-0-		500,000	\$ 2.12
Expired	-0-		(350,000)	\$ 2.00
Exercised	-0-		-0-	
Outstanding at September 30,	500,000	\$ 2.12	500,000	\$ 2.12

The warrants granted in the year ended September 30, 2001 were issued in connection with the settlement with the former URL holder (NOTE 4). The exercise prices of the warrants range from \$1.00 to \$3.00. The fair values of these warrants were estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	None
Volatility	0.491
Risk free interest rate	4.18%
Expected asset life	2.5 years

The 500,000 warrants outstanding at September 30, 2002, expire in September 2006.

#### 15. EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) profit sharing plan for its employees. Employees are eligible to participate in the plan upon reaching age 21 and completion of three months of service. The Company made contributions of \$3,400 and \$2,300 to the plan for the years ended September 30, 2002 and 2001.

#### 16. OTHER INCOME

Other income for the year ended September 30, 2002, includes a gain of \$267,000 related to the rescission of a consulting contract that was entered into in a prior year (NOTE 9). Also, included is a gain of \$130,000, net of legal costs, resulting from the settlement of a dispute with one of the Company's former billing companies.

\* \* \* \* \*

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#### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

On March 14, 2000, we reported that we replaced McGladry and Pullen LLP as our principal certified public accountants. McGladry and Pullen LLP had been engaged as the independent auditors, but had not issued any audited reports.

On March 30, 2000, we appointed King, Weber & Associates, P.C., as our independent auditors to conduct the audit of our September 30, 2000 fiscal year financial statements. On December 31, 2000 King, Weber & Associates, P.C. changed its corporate name to Marshall & Weber, CPA's, PLC and subsequently changed its corporate name to Weber and Company P.C. On September 18, 2001, the Company had appointed Weber & Company P. C. as our independent auditors to conduct the audit of our September 30, 2001 fiscal year financial statements. During Fiscal 2002, Weber & Company P. C. merged with Epstein & Connover P. C. to become Epstein, Weber & Connover P. L. C. On September 20, 2002 we appointed Epstein, Weber & Connover P. L. C. as our independent auditors to conduct the audit of our September 30, 2002 financial statements.

#### PART III

#### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

##### DIRECTORS AND EXECUTIVE OFFICERS

The following biographical information is provided for each of the Company's Directors and Executive Officers:

ANGELO TULLO. Mr. Tullo has served as the Chairman of the Board of YP.Net since February 2000. Mr. Tullo was hired as Chief Executive Officer and President on September 10, 2000. Since December 1999, Mr. Tullo has also been the president of Sunbelt Financial Solutions, Inc., an investment banking and consultant firm in Scottsdale, Arizona. From January 1997 to December 1999, Mr. Tullo was an officer and director of American Business Funding Corp. Currently and for over twenty years, Mr. Tullo has been active as a business consultant. Mr. Tullo has actively worked with commercial financing and factoring for the past ten years. He has owned and operated factoring companies, leasing companies, consulting companies, wholesale companies, professional employment organizations, insurance agencies, heating and air-conditioning contractors, retail oil companies, real estate companies and restaurants. He is a former member of the CEO Club in New York, and current a member of the Presidential Business Roundtable Committee.

In February 2000, American Business Funding Corp. filed for protection under Chapter 11 of the Bankruptcy Code in the Federal District Court of

Arizona. Mr. Tullo had previously been a director, officer and shareholder of American Business Funding prior to the time of its bankruptcy filing.

GREGORY B. CRANE. Mr. Crane has been a director of YP.Net since February, 2000 and also served as its Director of Operations from February 2000 to September 2000. From mid 1997 to December 2002, he was a marketing consultant to BESI, a related party to the Company (See "Certain Relationships and Related Transactions"). From September 1998 to June 1999, Mr. Crane was the General Manager of Telco Billing, Inc. ("Telco"). Mr. Crane has also owned and/or operated several businesses, including residential and commercial builders, multi-state mail order, and document-preparation companies (including State Recording Services, Inc.), and was also the creator of the Yellow-Page.Net concept. Mr. Crane is a former member of the Young Entrepreneur's Organization ("YEO").

In connection with providing homestead declaration document preparation and filing services, Mr. Crane (personally) and one of these businesses (State Recording Services, Inc.) have been subject to injunctive actions brought by the states of Arizona, Florida, Texas and Washington. Mr. Crane was the President and a significant shareholder of State Recording Services, Inc. These actions generally raised legal questions concerning mailer solicitations for document preparation services. Mr. Crane and various of the state plaintiffs have entered into consent orders in connection with these actions that required the modification of mailers and the payment of civil penalties, restitution, and attorneys' fees. Regarding each injunctive action, the use of the mail solicitation for document preparation services was prohibited in the State of Washington and Mr. Crane satisfied a judgment rendered in December 1994 of \$500,000. Mr. Crane voluntarily entered into an agreement with the State of Florida in connection with these matters and due to an error in type size made by the printing company; Mr. Crane technically violated that order. In connection with that violation of the Florida order, Mr. Crane was subject to a judgment, dated February 1998, in the amount of approximately \$1.4 million, plus accrued interest. As of February 2003, this judgment is no longer binding on Mr. Crane and is in the process of being vacated. The injunctive actions in Arizona and Texas were both satisfied in April 1995 for primarily attorneys fees and refund offers to customers.

Mr. Crane was also named in the action filed by the Federal Trade Commission ("FTC") against the Company and has been included in the stipulated preliminary order entered into by the FTC and us and approved by the FTC. The Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief by and between the FTC, Mr. Crane, Telco, us and others (the "Order") places certain restrictions on the way mail solicitations will appear. The Order has been approved by the U.S. District Court Judge and the matter is closed with no findings of wrong doing on the part of the company, its officers and directors or Mr. Crane.

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DANIEL L. COURY. Mr. Coury has served as a director of YP.Net since February 2000. For the last twelve years, Mr. Coury's principal business has been Mesa Cold Storage, Inc., which owns and operates the largest cold storage facilities in Arizona. He is also involved in the ownership and operation of various real estate interests and business ventures.

DEVAL JOHNSON. Mr. Johnson has served as a director since October 1999. Mr. Johnson was the graphics designer and director of Telco Billing from September 1998 until June 1999 when the Company acquired it. Since that time, Mr. Johnson has been responsible for the design of the in-house sales presentations and creation of the corporate logo(s) and image for YP.Net. In 2001, Mr. Johnson formed his own company called Advanced Internet Marketing, Inc. to provide design and marketing services to a variety of companies and has continued to offer these services to YP.Net. In 2002, Mr. Johnson accepted the position of Vice President of Corporate Image for YP.Net. From 1995 through 1998, Mr. Johnson was a graphics designer for Print Pro, Inc. Mr. Johnson is actively involved with Website promotion, interactive design and Internet advertising. Mr. Johnson also serves as an officer and board member and is the beneficial owner of Simple.Net a national Internet service provider, a related party. See "Certain Relationships and Related Transactions".

PETER BERGMANN. Mr. Bergmann has served as a director of the Company since May 2002. Since January 1999, Mr. Bergmann has served as the President of Perfect Timing Media, Inc. ("Perfect Timing"), a television development and production company which he founded. Perfect Timing focuses primarily on family fare programming. From 1994 to 1999, Mr. Bergmann was a member of the faculty at Fairleigh Dickinson University where he inaugurated the Electronic Filmmaking and Digital Video Design program which is a distinctive program in video and computer-generated graphics technologies offering students an opportunity to study commerce and art. In 1988, Mr. Bergmann joined Major Arts, Inc., a division of Paramount Communications, Inc., as the head of its television division where he was responsible for developing projects for television production. In 1987, Mr. Bergmann served as the President of Odyssey Entertainment, Inc. where he engineered the purchase of Coast Productions, Inc., which subsequently became Odyssey Filmmakers, Inc. where he served as President. From 1984 through 1987, Mr. Bergmann served as President of The Film Company where he had directorial and production responsibilities for theatrical releases and projects for television. During the 14 years prior to 1984, Mr. Bergmann was employed in various capacities by the American Broadcasting Company. These positions included line producer, division head, assistant to the President, Executive Vice President and Special Assistant to the Chairman of the Board. Mr. Bergmann received his PhD from New York University.

David J. Iannini. Mr. Iannini has served as the Chief Financial Officer since August 2002. Mr. Iannini was employed by Viad Corp from July 1999 to June 2002. He was Viad Corp Treasurer and Vice President of Corporate Development .

Viad Corp. is a diversified service business with operating companies involved in the financial services, convention, travel and other businesses. Viad Corp. is an SEC Reporting company. Mr. Iannini was an investment banker from August 1986 to July 1999, primarily with Salomon Brothers, Inc. Mr. Iannini received his Masters in Business Administration, Summa Cum Laude, from the Anderson Graduate School of Management at U.C.L.A. Prior to his graduate studies, he worked with a Big Five accounting firm and is a C.P.A. Mr. Iannini received his Bachelors of Science degree, Magna Cum Laude, in Accounting from Boston College in 1981.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on review of reports under Section 16(a) of the Securities Exchange Act of 1934, as amended, that were filed by executive officers and directors and beneficial owners of 10% or more of our common stock during the fiscal year ended September 2002, to the best of the Company's knowledge, except as follows, all 16(a) filing requirements have been made through the fiscal year ended September 30, 2001, and September 30, 2002. This information is based on a review of Section 16(a) reports furnished to us and other information.

Name	# of Reports
Angelo Tullo	4
Greg Crane	5
DeVal Johnson	3
Dan Coury	1
Peter Bergmann	1
David Iannini	1

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ITEM 10. EXECUTIVE COMPENSATION

DIRECTORS AND EXECUTIVE OFFICERS

The directors and executive officers of YP.Net, their ages and positions are as follows:

<TABLE>  
<CAPTION>

NAME	AGE	POSITIONS HELD(1)
<S>	<C>	<C>
Angelo Tullo	47	Chairman of the Board, Director, Chief Executive Officer and President
Gregory B. Crane	38	Vice President and Director
DeVal Johnson	36	Vice President, Secretary and Director
David J. Iannini,	43	Chief Financial Officer
Daniel L. Coury, Sr.	48	Director
Peter Bergmann	54	Director

<FN>  
(1) All current directors serve until the next annual shareholders meeting or their earlier resignation or removal.

</TABLE>

OFFICER COMPENSATION

The following table reflects all forms of compensation for the fiscal years ended September 30, 2002, and September 30, 2001, for the Chief Executive Officer and the other two most highly compensated executive officers of YP.Net, Inc., whose salaries exceed \$100,000 annually, for the years stated.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	Annual Compensation		OTHER COMPENSATION	
	FISCAL YEAR	SALARY	Bonus	
Angelo Tullo (1) Chairman, Chief Executive Officer, President	2002	\$ 240,000	\$208,000	
	2001	\$ 210,000		\$44,000
	2000	\$ 121,662		\$21,000
Pamela J Thompson (2) Former Chief Financial Officer Former Secretary, Former Treasurer	2002	\$ 177,678		(2)
	2001	\$ 255,855	\$4,500	
	2000	-0-		-0-
DeVal Johnson(3) Vice President, Secretary and Director	2002	\$ 113,800	\$20,000	-
	2001	-0-	5,618	-0-
	2000	10,000	-0-	\$10,500
Greg Crane Vice President and Director	2002	\$ 237,000	\$35,000	-
	2001	114,000	-0-	-0-
	2000	\$ 34,500	-0-	\$10,500

(1) The amount shown herein as compensation to Mr. Tullo is the total amount paid by the Company to Sunbelt for services provided to the Company by Mr. Tullo and his staff, but may not reflect Mr. Tullo's actual compensation from Sunbelt, which may be greater or less. Mr. Tullo is not directly compensated by the Company. Includes 200,000 shares of YP.Net stock valued at \$.22 per Share in 2001 and 100,000 shares of YP.Net stock valued at \$.21 per share in 2000.

Subsequent to September 30, 2002, 4,000,000 shares of YP.Net stock valued at \$.075 per share in 2002 were issued to Mr. Tullo. Such shares and related amounts are not included in the table. On September 20, 2002, the Company entered into an Executive Consulting Agreement with Sunbelt pursuant to which Mr. Tullo provides services to the Company. See "Certain Relationships and Related Transactions".

(2) The amount shown herein as compensation to Ms. Thompson is the total amount paid by the Company to The Thompson Group P.C. for services provided to the Company by Ms. Thompson and her staff, but may not reflect Ms. Thompson's actual compensation from The Thompson Group P.C., which may be greater or less. Ms. Thompson was not directly compensated by the Company. Includes \$16,898 issued as a Note Receivable in 2002 (see legal proceedings) and 50,000 shares of YP.Net stock valued at \$.09 per share in 2001.

(3) The amount shown herein as compensation is the total amount paid by the Company for the services of AIM including Mr. Johnson and his staff but may not reflect Mr. Johnson's actual compensation from AIM, which may be greater or less. Mr. Johnson is not compensated directly by the Company. Includes 50,000 shares of YP.Net stock valued at \$.21 per share in 2000. Subsequent to September 30, 2002, 1,000,000 shares of YP.Net stock valued at \$.075 per share were issued to Mr. Johnson. On September 20, 2002, the Company entered into an Executive Consulting Agreement with AIM pursuant to which Mr. Johnson provides services to the Company. See "Certain Relationships and Related Transactions".

(4) The amount shown herein as compensation to Mr. Crane is the total amount paid by the Company to AMCS for services provided to the Company by Mr. Crane and his staff, but may not reflect Mr. Crane's actual compensation from AMCS, which may be greater or less. Mr. Crane is not directly compensated by the Company. Includes 50,000 shares of YP.Net stock valued at \$.21 per share in 2000. Subsequent to September 30, 2002, 1,000,000 shares of YP.Net stock valued at \$.075 per share were issued to Mr. Crane. On September 20, 2002, the Company entered into an Executive Consulting Agreement with AMCS pursuant to which Mr. Crane provides services to the Company. See "Certain Relationships and Related Transactions".

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#### COMPENSATION PURSUANT TO STOCK OPTIONS

No stock options were granted to executive officers during the fiscal years ended September 30, 2001, and September 30, 2002.

#### DIRECTOR COMPENSATION

Upon appointment to the Board, Mr. Tullo was awarded 100,000 shares of our common stock. All other directors were awarded 50,000 shares. The shares awarded were earned monthly for director services performed. The 425,000 shares of common stock paid to the directors as compensation for their services were valued at \$.22 per share for a total value of \$93,500 and the value is considered based upon the average bid and ask price as of date of issuance by the Board of Directors and is in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. Additionally, the directors receive \$2,000 per meeting or per quarter for their service on the Board and may receive \$250 per hour for services related to any Board Committee on which they serve. Effective September 30, 2002, the Company pays \$10,000 monthly to DLC Consulting. DLC Consulting is owned by Daniel Coury Sr., a director of the Company. The payments relate to various financial, strategic and administrative services performed for the Company's Board of Directors. See Certain Relationships and Related Transactions.

#### 1998 Stock Option Plan

In June 1998, our Board of Directors adopted, and our shareholders approved, the 1998 Stock Option Plan (the "Plan"). The purpose of the Plan was to provide incentives to employees, directors and service providers to promote our success. The Plan provides for the grant of both qualified and non-qualified options to purchase up to 1,500,000 shares of our common stock at prices determined by the Board of Directors, but in the case of incentive options, at a price not less than the fair market value of the stock on the date of the grant. The Plan is administered by the Board of Directors or by a committee appointed by the Board. As of September 30, 2002 there were no options currently outstanding under this Plan which has been replaced by the 2002 Stock Option Plan discussed below.

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#### 2002 Stock Option Plan

The 2002 Stock Option Plan was adopted by the Board of Directors on April 10th, 2002, and provided for the issuance of up to 3,000,000 options. It was approved by our shareholders on September 20, 2002. The Board of Directors has reserved 3,000,000 shares of Common Stock for issuance under the 2002 Option Plan. The 2002 Stock Option Plan replaces the 1998 Stock Option plan and was approved by the shareholders on September 20th, 2002.

The primary purpose of the 2002 Option Plan is to attract and retain the best available personnel for the Company in order to promote the success of the Company's business and to facilitate the ownership of the Company's stock by employees. The ability of a company to offer a generous stock option program has now become a standard feature in the industry in which the company operates.

All terms of the previous plan remain in force except as modified by the new plan. Some modifications include; options can only be made for a option price that is not less than 110% of the current stock price, and the options are not

transferable. (see the Company's form 14-A as filed on August 31, 2002 for more details). As of September 30, 2002, there were no options outstanding under this Plan.

ITEM 11. SECURITY OWNERSHIP OF OWNERS AND MANAGEMENT

The following table sets forth, as of January 7, 2003, the ownership of each person known by us to be the beneficial owner of five percent or more of our common stock, each officer and director individually, and all officers and directors as a group. We have been advised that each person has sole voting and investment power over the shares listed below unless otherwise indicated.

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF OWNERSHIP	PERCENT OF CLASS (1)
Angelo Tullo (2) 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	4,300,000	8.7%
Gregory B. Crane (3) 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	1,077,500	2.2%
DeVal Johnson (4) 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	1,125,000	2.3%
David Iannini 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	50,000	*
Daniel L. Coury, Sr. 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	50,000	*
Peter Bergmann 4840 East Jasmine Street Suite 105 Mesa, AZ 85205	50,000	*

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NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF OWNERSHIP	PERCENT OF CLASS (1)
Matthew & Markson Ltd. (5) Woods Centre, Frair's Road P.O. Box 1407 St. John's Antigua, West Indies	11,566,032	23.4%
Morris & Miller Ltd. (5) Woods Centre, Frair's Road P.O. Box 1407 St. John's Antigua, West Indies	10,350,000	20.1%
Sunbelt Financial Concepts, Inc. 7579 East main Street #200 Scottsdale, AZ 85251	4,000,000	8.1%
All Directors as a Group (7 persons)	6,652,500	13.4%

\* Represents less than one percent (1%) of our issued and outstanding common stock.

(1) Based on shares outstanding as of January 7, 2003. This amount excludes 4,500,000 shares issued and held as collateral for obligations of YP.Net under two promissory notes. Upon timely payment of the notes, the shares will be returned to YP.Net for cancellation.

(2) Of which 4,000,000 shares are owned by Sunbelt Financial Concepts, Inc. ("Sunbelt") which are also shown separately in this table. While Mr. Tullo is the President of Sunbelt, he has no ownership interest in Sunbelt, he does, however, share dispositive powers over the stock owned by Sunbelt. Hickory Management is the owner of Sunbelt and Mr. Tullo is the control person of Hickory Management.

(3) Of which 1,000,000 shares are owned by Advertising Management and Consulting Services, Inc. ("AMCS"). While Mr. Crane is the President of AMCS, he has no ownership interest in AMCS, although, as President of AMCS, he shares dispositive power over the stock owned by AMCS. Adam Holding Trust is the owner of AMCS and Mr. Crane is the control person of Adam Holding Trust.

(4) Of which 1,000,000 shares owned by Advanced Internet Marketing, Inc. ("AIM"). Mr. Johnson is President of AIM and his minor children are the beneficiaries of the trust which owns AIM.

(5) The number of shares held by Matthew & Markson, Ltd. includes 2,000,000 shares issued as collateral for a note payable issued by YP.Net. Matthew & Markson has voting control of these shares. These shares will be returned to YP.Net and cancelled upon timely payment of the note. Ilse Cooper, AMT Director



is the control person for both Matthew & Markson as well as Morris & Miller.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Acquisition of Telco. In June 1999, the Company's predecessor acquired all of the outstanding stock of Telco in exchange for 17,000,000 shares of our common stock. Matthew & Markson, Ltd. and Morris & Miller, Ltd., as the shareholders of Telco, were issued 7,650,000 and 9,350,000 shares, respectively. As to these shares, the original acquisition agreement provided for certain Put rights that were later terminated. In exchange for cancellation of the Put rights, we agreed to provide each of the former Telco shareholders with a \$10,000,000 credit facility. Loans made to these shareholders under this facility are to be secured by a pledge of our stock. Interest for borrowings under this facility is to be at least 0.25% higher than our average borrowing costs. No advances in excess of \$1,000,000 may be made at any one time and no advances in excess of \$1,000,000 are to be made unless we have available at least 30 days operating capital plus other reserves. No advances are permitted to be made if we are in default with respect to any of our lender obligations. As of September 30, 2002 \$233,073 was advanced to Matthew & Markson.

Gregory B. Crane and DeVal Johnson were employees of and primarily involved in the start-up of Telco. Mr. Crane continues to serve as a liaison for the Company to Matthew & Markson, Ltd. and Morris & Miller, Ltd. and negotiated the acquisition of Telco by the Company's predecessor entity on behalf of the former Telco shareholders.

License of URL. In connection with the acquisition of Telco, the Company's predecessor entity also agreed to pay Matthew & Markson, Ltd. \$5,000,000 as a discounted accelerated licensing payment for a 20-year license of the URL Yellow-Page. Net. The consideration was rendered under the terms of an Exclusive Licensing Agreement dated September 21, 1998, between Telco and Matthew & Markson, Ltd. The payment was originally to be paid in full upon the acquisition of Telco. However, the Company was unable to pay the entire consideration in cash. Therefore, the Company instead negotiated to pay the \$5 million due in cash due at closing with a \$3 million down payment and also executed a \$2,000,000 Note (the "Note") to Matthew & Markson due on August 15, 1999. In addition, as a result of its failure to pay the entire \$5 million in cash at closing, the Company incurred a \$2 million penalty fee at this time although the Company was unaware of this obligation at that time because Matthew & Markson had not yet asserted its claim until July 2001.

On August 15, 1999 The Company defaulted on the payment of the \$2,000,000 Note . To extend this payment obligation to November 15, 1999, the Company agreed to provide, for the benefit of Matthew & Markson, \$250,000 in tenant improvements for approximately one-half of our Mesa facility. The premises were leased to Matthew & Markson's designee ("BEST") for \$1.00 per year throughout the term of the 5-year lease. The annual fair rental value of the lease premises is \$4,500 per month. BESTI purchased this lease from Matthew & Markson for a one-time payment of \$75,000.

At the due date of the extension (November 15, 1999), the Company still had not paid the Note. Therefore, on November 15, 1999, we further extended the payment of the Note to January 15, 2000 by paying an extension fee of \$200,000. On January 15, 2000, the Company again defaulted on the extension and the note was renegotiated to a demand note with monthly installments of \$100,000 per month. Under the terms of the renegotiated Note, the payments may have been suspended if we did not have certain cash reserves or are otherwise in default under other obligations. The note was secured by 2,000,000 shares of our common stock held in escrow, to be returned for cancellation upon payment of the note. This Note has been paid in full but the collateral shares are still held by Matthew & Markson to secure payment of the penalty fee discussed below.

In July 2001, the Company was informed by Matthew & Markson that a \$2,000,000 penalty fee was due on the original acquisition agreement as a result of the Company's failure to pay the entire \$5 million due in cash at closing. On September 25, 2001, in settlement thereof, we agreed to pay Matthew Markson, Ltd., \$550,000 and issued 4,000,000 shares of our common stock at \$0.09, and the value is considered based upon the average bid and ask price as of September 25, 2001 and is in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

The \$550,000 will be paid over a thirty-six month term at a 10.5% annual interest rate. Matthew Markson Ltd. has agreed and waived any future payments for the original default of the and extension fee for the acquisition of Telco. Matthew Markson Ltd will continue its security interest in the company and collateral shares held by Matthew Markson. Ltd. The balance due at year end was \$115,866. See Footnote 12 to the Financial Statements.

SUNBELT FINANCIAL CONCEPTS, INC.

On September 20th, 2002, the Company and Sunbelt Financial Concepts, Inc. ("Sunbelt") entered into an Executive Consulting Agreement, which replaced a prior agreement, dated the previous September. The Sunbelt agreement has a term of 3 years. Angelo Tullo is the President of Sunbelt. The Sunbelt agreement provides that Mr. Tullo, through Sunbelt, will provide the Company with the services of Chief Executive Officer, Chairman and President among other administrative services and personnel. As part of the Sunbelt Agreement, Sunbelt will receive \$32,000 per month with a 10% annual increase in each

succeeding year, Board of Director fees and fees and reimbursements for certain ancillary items. In addition, the Sunbelt agreement also awarded Sunbelt 4 million shares of the Company's common stock, grossed-up for taxes, subject to

achieving certain performance goals for the Company in Fiscal 2003. If such goals are not achieved, then part of the award is forfeited on a pro rata basis. The agreement also awarded a bonus of \$208,000 to Sunbelt relating to performance in Fiscal 2002. As part of the agreement, Sunbelt's previous line of credit with the Company (on which \$197,640 was outstanding at September 30, 2002 and repaid to the Company with interest subsequent to year end.) was cancelled and a Flex Compensation program was instituted which allows Sunbelt to draw up to \$220,000 (increased by 10% on each anniversary date of this Agreement) as additional compensation, subject to sufficient cash on hand at the Company. In addition, the agreement contains a Due on Sale clause whereby if there is a change of control of the Company, as defined, then Sunbelt will receive the greater of 30% of the amounts due under the Agreement or 12 months worth of fees. As of March 31, 2003, Sunbelt had drawn approximately \$200,000 under its Flex compensation agreement.

A previous separate agreement with Sunbelt, dated January 2002, wherein the Company leases two vehicles for Sunbelt in the Company's name, while Sunbelt pays the leases, remains in effect until the conclusion of the respective leases. The monthly amount of the leases for the vehicles are \$1,079 and \$1,111 respectively and the leases expire on January, 2005 and February, 2005 respectively.

While Mr. Tullo is the President of Sunbelt, he has no ownership interest in Sunbelt. As president of Sunbelt, he does, however, maintain dispositive powers over the shares of Company stock issued to Sunbelt.

#### ADVERTISING MANAGEMENT & CONSULTING SERVICES, INC.

On September 20th, 2002, the Company and Advertising Management & Consulting Services, Inc. ("AMCS") entered into an Executive Consulting Agreement. The AMCS agreement has a term of three years. Mr. Crane is the President of AMCS. The AMCS agreement provides that Mr. Crane, through AMCS will provide the Company with the services of Director and Vice President - Marketing, among other administrative services and personnel. As part of the AMCS agreement, AMCS will receive \$32,000 per month with a 10% annual increase in each succeeding year, Board of Director fees and fees and reimbursements for certain ancillary items. In addition, the AMCS agreement also awarded AMCS with 1 million shares of the Company's common stock, grossed-up for taxes, subject to achieving certain performance goals for the Company in Fiscal 2003. If such goals are not achieved, then part of the award is forfeited on a pro rata basis. The Agreement also awarded a bonus of \$35,000 to AMCS relating to performance in Fiscal 2002. As part of the agreement with AMCS, a Flex Compensation program was instituted which allows AMCS to draw up to \$50,000 (increased by 10% on each anniversary date of this Agreement) as additional compensation, subject to sufficient cash on hand at the Company. In addition, the agreement contains a Due on Sale clause whereby if there is a change of control of the Company, as defined, then AMCS will receive the greater of 30% of the amounts due under the agreement or 12 months worth of fees. As of March 31, 2003, AMCS had drawn \$50,000 under its Flex compensation agreement.

#### ADVANCED INTERNET MARKETING, INC.

On September 20th, 2002, the Company and Advanced Internet Marketing, Inc. ("AIM") entered into an Executive Consulting Agreement. The AIM agreement has a term of three years. Mr. Johnson is the President of AIM, and AIM is wholly-owned by a trust for the benefit of Mr. Johnson's children. The AIM agreement provides that Mr. Johnson, through AIM, will provide the Company with the services of Director, Corporate Secretary and Vice President - Corporate Image, among other administrative services and personnel. As part of the AIM agreement, AIM will receive \$18,000 per month with a 10% annual increase in each succeeding year, Board of Director fees, and fees and reimbursements for certain ancillary items. In addition, the agreement also awarded AIM with 1 million shares of Company common stock, grossed-up for taxes, subject to achieving certain performance goals for the Company in Fiscal 2003. If such goals are not achieved, then part of the award is forfeited on a pro rata basis. The agreement also awarded a bonus of \$20,000 to AIM relating to performance in Fiscal 2002. As part of the agreement, a Flex Compensation program was instituted which allows AIM to draw up to \$50,000 (increased by 10% on each anniversary date of this Agreement) as additional compensation, subject to sufficient cash on hand at the Company. In addition, the Agreement contains a Due on Sale clause whereby if there is a change of control of the Company, as defined, then AIM will receive the greater of 30% of the amounts due under the Agreement or 12 months worth of fees. As of March 31, 2003, AIM had drawn \$30,000 under its Flex compensation agreement.

#### Simple. Net. ("SN")

The Company has entered into mutual service agreements with Simple. Net ("SN"), for a term of 1 year, automatically renewable. Mr. DeVal Johnson, a director of YP.Net, Inc., is the beneficial owner of SN. SN is a national internet service provider that has from time to time sold those services to the Company at below market rate prices.

The Company has an agreement with Level 3, an unaffiliated entity, to provide internet services to the Company's customers. On May 1, 2002, the Company assigned its Level 3 contract to SN in exchange for a new contract from SN to provide dial-up services for the Company's customers at a reduced rate of \$2.50 per user, per month. The Company determined that it did not have a sufficient amount of internet service dialup customers to benefit from its Level 3 contract, while SN, as an internet service provider, had a sufficient number of customers to support the base payment structure agreed to in the Level 3

contract. As a result, during this period the Company paid \$58,958 to SN instead of the \$153,176 that would have been paid to Level 3 pursuant to the Level 3 agreement. If the Company's internet dial-up customers increases by a sufficient number, the Level 3 contract would be less expensive for us than our agreement with SN. Furthermore, the Level 3 contract is not assignable without the consent of Level 3, which the Company has not yet obtained. Consequently, the Company is still liable to Level 3 under the terms of the contract. SN has agreed to assume and perform the terms of the Level 3 contract. The assignment of the Level 3 contract to SN resulted in savings to the Company of approximately \$94,218. In addition, SN has contracts with other National providers such as Broadwing Communications and through the Company's contract with SN the Company has obtained access numbers under those contracts as well for the benefit of the Company's customers.

SN pays a monthly fee to the Company to provide technical support and provide quality customer service while utilizing the Company's own customer service personnel as well as management and accounting services according to a pricing formula based on a price per customers as follows:

Customer Service & Management Agreement fees are calculated by number of customer records of SN multiplied by a base cost of \$1.02.

Technical Support fees are calculated by number of customer records of SN multiplied by a base cost of 60 cents.

Until July 1, 2002, the Company's staff performed the accounting functions for SN since SN utilizes a compatible accounting and billing process. SN paid us \$2,500 a month for these accounting services. As of July 1, 2002, the Company no longer provides accounting services to SN as this arrangement has been canceled.

Both Matthew & Markson and Morris & Miller ( The Company's two largest shareholders) have provided the primary financing for SN. Neither Matthew & Markson, nor Morris & Miller is a part of management or on the Board of Directors of the Company or SN.

Matthew Markson, Ltd.  
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The Company has a note payable to Mathew Markson, Ltd. ("M&M"), which at the beginning of the fiscal year had a principal balance of \$550,000. The outstanding balance on this note as of September 30, 2002, was \$155,866 . In accordance with instructions that the Company has received from M&M, the Company has made payments to third parties on behalf of M&M, and applied those payments as reductions to this note, thereby reducing the outstanding balance on our books and records.

Matthew & Markson, Ltd. and Morris & Miller, Ltd. Advance Agreement.

The Company has made advances to Matthew & Markson, Ltd. and Morris & Miller, Ltd. (M&M) that are also collateralized by the Company's common stock owned by M&M. This loan agreement resulted from a settlement reached in September 2000 with M&M whereby the "put" agreements originated as part of the purchase of Telco billing was terminated. The "put" agreement would have allowed M&M to "put" back to the Company up to 10 million shares of common stock each at a price of \$1.00 per share. Management negotiated a loan agreement with M&M in exchange for the termination of "put" agreement rights whereby M&M can each borrow up to \$10 million dollars from the Company collateralized by M&M's YP.Net stock valued at a floor of \$1.00 per share or 80% of the last trade of the stock prior to the advance request, whichever is greater. The interest rate charged on these advances is either an 8% annual rate or % higher than the Company's average borrowing cost from an institutional lender, whichever is greater. Currently M&M is charged an interest rate of 8% calculated as an annual rate as the Company has paid off its institutional lender. There are restrictions in the loan agreement that allow management to reject an advance request by M&M if the Company has insufficient cash, cash reserves and anticipated cash receipts and or borrowing availability to cover operating expenses over the next 30-day period. M& M is a 27% shareholder of the Company.

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The following schedule sets forth the balances of the Company's advances made on behalf of Matthew & Markson, Ltd. and Morris & Miller, Ltd. as part of this agreement as of September 30, 2002:

Morris & Miller, Ltd.	\$ 0
Matthew & Markson	233,073
Total Advances to the M&M's	\$233,073

Matthew & Markson, Ltd. and Morris and Miller, Ltd. are the Company's two largest shareholders although neither is part of management or on the Board of Directors of the Company.

Commercial Finance Services d/b/a/ HR Management ("CFS")  
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The Company leases its employees from Commercial Finance Services, Inc. d/b/a HR Management (CFS). CFS provides factoring and financing services as well as act as a professional employer organization ("PEO") for small to mid-sized companies. CFS does not provide any services to the Company, other than those of a PEO. The majority of the Company's payroll is paid via CFS. This arrangement allows the Company to offer additional employee benefits by sharing those costs with other clients of CFS. The Company pays CFS a monthly fee of \$2,800 for payroll and benefit administration.

The majority owner of CFS is Central Account Services, Inc.(CAS). CAS is partially owned by the Company's primary legal counsel (3% ownership) and its former CFO (4% ownership). The remaining ownership of CAS is unrelated to the Company. The principal stockholders of the Company have provided significant financing to CFS in the form of an interest bearing loan. Said stockholders are not involved in the management of or represented on the boards of the Company or SN.

Subsequen to year end, the Company no longer leases its employees from CFS and has signed an agreement with An unrelated third party for such services.

Business Executive Services, Inc.  
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Greg Crane, an officer and Director of the Company was formerly an employee of Business Executive Services, Inc. ("BESI"). Mr. Crane is no longer affiliated with BESI. BESI, as the nominal rent sub-lessee, leases portions of the Company's Mesa facility to other businesses associated with other third parties. BESI obtained the sublease by purchasing it from Matthew & Markson, Ltd. who had obtained the lease from the Company by way of payment for an extension fee on funds due Matthew & Markson by the Company. The sublease required M&M or BESI to pay the Company \$1.00 per year for the space that was not needed by the Company. The master lease and thus the sublease was to expire in June 2003.

In January 2003 the Company had expanded and was in immediate need of more space to house its operations. By triparte agreement between the Company, the landlord and BESI it was agreed that; 1) the Landlord would extend the lease for 3 additional years until June 2006 at the current rate, 2) BESI would provide 80% of its space to the Company at no charge to the Company until the conclusion of the current lease term and 3) in return would rent back to BESI 20% of the space for the new three year term at no cost to BESI.

In addition pursuant to an agreement the Company has with BESI, BESI processes all of the direct mail solicitation pieces, welcome letters and other communications with customers and prospective customers.

Effective January 2002, we pay a base fee of \$15,750 ,000 per month and then a monthly fee to BESI based on a price of .015 cents per mail piece, based on the number of mail pieces prepared and sent, and not less than a floor of \$15,000 per month. The floor amount is reviewed for possible adjustment quarterly. In addition, BESI is to receive 25% of any documented savings it obtains for the Company on the Company's mailings. The Company paid BESI \$231,750 in Fiscal 2002 and \$23,000 in Fiscal 2001.

DLC Consulting

Effective September 30, 2002, the Company pays \$10,000 monthly to DLC Consulting. DLC Consulting is owned by Daniel Coury Sr., a director of the Company. The payments relate to various financial, strategic and administrative services performed for the Company's Board of Directors.

Related Party Transaction Policy. The Company's general policy requires adherence to Nevada corporate law regarding transactions between the Company and a director, officer or affiliate of the corporation. Transactions in which such persons have a financial interest are not void or voidable if the interest is disclosed and approved by disinterested directors or shareholders or if the transaction is otherwise fair to the corporation. It is our policy that transactions with related parties are conducted on terms no less favorable to us than if they were conducted with unaffiliated third parties. During fiscal year ended September 30, 2001, through September 31, 2002, there have been no related party transactions, except those noted herein, and quarterly 10Q filings and 10K filings for the periods indicated.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

- 3.1 (1) Certificate of Restated Articles of Incorporation of Renaissance International, Inc.
- 3.2 (4) Amended Articles - To change the name to YP.Net, Inc., and Authorized Capital Increase to 50,000,000 Form 8-K 7/6/98
- 3.3 (4) Amended Articles - Name Change to YP.Net
- 3.4 (4) Certificate of Designation - Series B preferred shares
- 3.5 (1) By laws of Renaissance International Group, Ltd.
- 3.6 (4) Amended By-laws
- 3.7 Certificate of Designation - Series E Preferred Stock
- 10.1 (2) 1998 Stock Option Plan
- 10.2 2002 Stock Option Plan
- 10.3 (5) Agreement dated November 1, 2000 between Intelligenx, Inc. d/b/a i411.com and YP.Net
- 10.4 (5) Forbearance Letter Agreement dated February 8, 2001 between Telco and Finova Capital Corporation

- 10.5 (7) Federal Trade Commission Settlement Agreement
- 10.6 (7) Hudson Consulting Group, Inc. Settlement Agreement
- 10.7 (6) S.G. Martin Securities LLC agreement with investment banker
- 10.8 (8) OAN contract with billing integrator
- 10.9 (8) Level 3, Inc. contract for ISP dial-up services
- 10.10 Acxiom Licensing Agreement
- 10.11 Info USA Master Database and Services Agreement
- 10.12 Experian Database Extract License Agreement
- 10.13(9) Lease between the Company and Art Grandlich dba McKellips Corporate Square
- 10.14 Amendment to Lease between the Company and Art Grandlich dba McKellips Corporate Square and Addendum to Sublease Agreements
- 10.15(10) Stock Purchase Agreement between the Company, Morris & Miller, Matthew & Markson and Telco Billing, dated September 21, 1998
- 10.16 Amendment One to Stock Purchase Agreement between the Company, Morris & Miller, Matthew & Markson and Telco Billing
- 10.17 Second Amendment to Stock Purchase Agreement between the Company, Morris & Miller, Matthew & Markson and Telco Billing
- 10.18(10) License Agreement between the Company and Matthew & Markson
- 10.19 Sunbelt Executive Consulting Agreement
- 10.20 AMCS Executive Consulting Agreement
- 10.21 AIM Executive Consulting Agreement
- 10.22 BESI Mail Marketing Agreement
- 10.23(9) Agreement between the Company and Integretel, Inc.
- 11 Statement Regarding Computation of Per Share Earnings: incorporated in Item 7 of the Audited Financial Statements for period ending September 30, 2000 and September 30, 2001
- 21 Subsidiaries of YP.Net, Inc.
- 99.1 Sarbanes-Oxley Certifications

- 1 Incorporated by reference from Form 10-QSB as filed May 6, 1998.
- 2 Incorporated by reference from Form S-8 as filed July 10, 1998.
- 3 Incorporated by reference from Form 10-QSB for the quarter ended June 30, 2000.
- 4 Incorporated by reference from Form 10-QSB for the fiscal year ended September 30, 2000.
- 5 Incorporated by reference from Form 10-QSB for the quarter ended December 31, 2000
- 6 Incorporated by reference from Form 10-QSB for the quarter ended March 31, 2001
- 7 Incorporated by reference from Form 10-QSB for the quarter ended June 30, 2001
- 8 Incorporated by reference from Form 10-KSB for the year ended September 30, 2001
- 9 Incorporated by reference from Form 10-KSB for the year ended September 30, 1999
- 10 Incorporated by reference from Form 8-K/A, filed November 12, 1998

REPORTS ON FORM 8-K

a Form 8-K was filed on May 17, 2002 which disclosed that Harold Roberts had resigned from the Board of Directors and that Peter Bergmann had joined the Board of Directors.

- A Form 8-K was filed on August 14, 2002 wherein Angelo Tullo, the Chairman, CEO and President of the Company certified the Company's financial records pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- A Form 8-K was filed on September 3, 2002 which disclosed the appointment of David J. Iannini as Chief Financial Officer.

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YP.NET, INC.

Dated: March 31, 2003

By /s/ Angelo Tullo

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Angelo Tullo, Chairman of the Board  
(Principal Executive Officer)

Dated: March 31, 2003

/s/ David Iannini

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Chief Financial Officer  
(Principal Accounting Officer)

BOARD OF DIRECTORS

Dated: March 31, 2003

By /s/ Angelo Tullo

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Angelo Tullo

Dated: March 31, 2003

By /s/ Gregory B. Crane

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Gregory B. Crane

Dated: March 31, 2003

By /s/ Daniel L. Coury, Sr.

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Daniel L. Coury, Sr.

Dated: March 31, 2003

By /s/ Peter Bergmann

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Peter Bergmann

Dated: March 31, 2003

By /s/ DeVal Johnson

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DeVal Johnson

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CERTIFICATIONS

I, Angelo Tullo, Chairman of YP.Net, Inc., certify that:

1. I have reviewed this annual report an Form 10-KSB of YP.Net, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying Officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as pf the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function);
  - a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this

annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003 /s/ Angelo Tullo  
Angelo Tullo  
Chairman

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CERTIFICATIONS

I, David Iannini, Chief Financial Officer of YP.Net, Inc., certify that:

2. I have reviewed this annual report an Form 10-KSB of YP.Net, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
7. The registrant's other certifying Officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as pf the Evaluation Date;
8. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function);
  - a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
9. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003 /s/ David Iannini  
David Iannini,  
Chief Financial Officer

## CERTIFICATE OF DESIGNATION

Angelo Tullo certifies that he is the President and DeVal Johnson is the Secretary of YP.Net, Inc., a Nevada corporation (hereinafter referred to as the "Corporation") and that pursuant to the Corporation's Certificate of Incorporation, as amended, and Section 78.1955 of the Nevada General Corporation Law, the Board of Directors of the Corporation adopted the following resolutions effective on May 31, 2002, and that none of the shares of Series E Convertible Preferred Stock referred to in this Certificate of Designation have been issued.

A. Creation of Series E Convertible Preferred Stock  
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There is hereby created a series of preferred stock consisting of 200,000 shares, par value \$0.001 and designated as the Series E Convertible Preferred Stock ("Preferred Stock"), having the voting powers, preferences, relative, participating, limitations, qualifications, optional and other special rights and the qualifications, limitations and restrictions thereof that are set forth below.

B. Dividends.  
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(a) The holders of outstanding shares of Series E Convertible Preferred Stock shall be equally entitled to receive preferential dividends in cash out of any funds of the Corporation legally available at the time for declaration of dividends, at the dividend rates applicable to each such series, as set forth herein, before any dividend or other distribution will be paid or declared and set apart for payment on any shares of any Common Stock, or other class of stock presently authorized or to be authorized (the Common Stock, and such other stock being hereinafter collectively the "Junior Stock") as follows: Series E Convertible Preferred Stock shall receive dividends at the rate of 5% per annum on the liquidation preference per share, payable each March 31, June 30, September 30 and December 31, commencing with the first such date following the issuance of such stock. Dividends shall accumulate from the date of issuance, until the first payment date, at which time all accumulated dividends and dividends from the date of issuance shall be paid if funds are legally available at such time. If funds are not legally available at such time, dividends shall continue to accumulate until they can be paid from legally available funds.

(b) The dividends on the Series E Convertible Preferred Stock at the rate provided above shall be cumulative whether or not earned so that, if at any time full cumulative dividends at the rate aforesaid on all shares of the Series E Convertible Preferred Stock then outstanding from the date from and after which dividends thereon are cumulative to the end of the quarterly dividend period next preceding such time shall not have been paid or declared and set apart for payment, or if the full dividend on all such outstanding Series E Convertible Preferred Stock for the then current dividend period shall not have been paid or declared and set apart for payment, the amount of the deficiency shall be paid or declared and set apart for payment (but without interest thereon) before any sum shall be set apart for or applied by the Corporation or a subsidiary of the Corporation to the purchase, redemption or other acquisition of any shares of any other class of stock ranking on a parity with the Series E Convertible Preferred Stock ("Parity Stock") and before any dividend or other distribution shall be

paid or declared and set apart for payment on any Junior Stock and before any sum shall be set aside for or applied to the purchase, redemption or other acquisition of Junior Stock.

(c) Dividends on all shares of the Series E Convertible Preferred Stock shall begin to accrue and be cumulative from and after the date of issuance thereof. A dividend period shall be deemed to commence on the day



following a quarterly dividend payment date herein specified and to end on the next succeeding quarterly dividend payment date herein specified.

C. Liquidation Rights.  
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Upon the sale of substantially all of the stock or assets of the Corporation in a non-public transaction or dissolution, liquidation, or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series E Convertible Preferred Stock shall be entitled to receive out of the assets of the Corporation, before any distribution or payment is made upon the Common Stock or any other series of Preferred Stock, an amount in cash equal to \$.30 per share, plus any accrued but unpaid dividends (or, if there be an insufficient amount to pay all Series E Convertible Preferred Stockholders, then ratably among such holders).

D. Voting Rights.  
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The holders of shares of Series E Convertible Preferred Stock shall have no voting rights, except as required by law.

E. Conversion of Series E Convertible Preferred Stock  
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(a) HOLDER'S RIGHT TO CONVERT.

(i) Conversion. The record Holder of the Series E Convertible Preferred Stock shall be entitled, after two years from the initial issuance of the Series E Convertible Preferred Stock and from time to time thereafter, at the office of the Company or any transfer agent for the Series E Convertible Preferred Stock, to convert all or portions of the Series E Convertible Preferred Stock held by such Holder, on a one for one basis into shares of the Common Stock, together with payment by the holder of \$0.45 per converted share.

(ii) Mechanics of Conversion. In order to convert Series E Convertible Preferred Stock into full shares of Common Stock, the Holder shall (i) transmit a facsimile copy of the fully executed notice of conversion in the form attached hereto ("Notice of Conversion") to the Company, which notice shall specify the number of shares of Series E Convertible Preferred Stock to be converted, prior to midnight, New York City time (the "Conversion Notice Deadline"), on the date of conversion specified on the Notice of Conversion, and (ii) promptly surrender the original certificate or certificates therefore, duly endorsed, and deliver the original Notice of Conversion by either overnight courier or 2-day courier, to the office of the Company

or of any transfer agent for the Series E Convertible Preferred Stock, together with payment by certified or bank check for \$0.45 per converted share; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless either the certificates evidencing such Series E Convertible Preferred Stock are delivered to the Company or its transfer agent as provided above or the Holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed. Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of the certificate or certificates ("Stock Certificates") representing shares of Series E Convertible Preferred Stock and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of the Stock Certificate(s), if mutilated, the Company shall execute and deliver new Stock Certificate(s) of like tenor and date. No fractional shares of Common Stock shall be issued upon conversion of the Series E Convertible Preferred Stock. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company shall pay cash to such Holder in an amount equal to such fraction multiplied by the value of the Common Stock as determined in good faith by the Company's Board of Directors. In the case of a dispute as to the calculation of the Conversion Price, the Company's calculation shall be deemed conclusive absent manifest error.

The Company shall issue and deliver at the address of the Holder on the books of the Company (i) a certificate or certificates for the number of shares of Common Stock equal to the Conversion Number for the shares of Series E Convertible Preferred Stock being so converted and (ii) a certificate representing the balance of the shares of Series E Convertible Preferred Stock not so converted, if any. The date on which conversion occurs (the "Date of Conversion") shall be deemed to be the date set forth in such Notice of Conversion, provided that the copy of the Notice of Conversion is faxed to the Company before midnight, New York City time, on the Date of Conversion. Upon a conversion of shares of Series E Convertible Preferred Stock, the Holder shall promptly deliver original Stock Certificates representing the shares of Series E Convertible Preferred Stock to be converted to the transfer agent or the Company. The person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(b) Adjustment to Conversion: (i) If, prior to the conversion of all Series E Convertible Preferred Stock, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event, as a result of which shares of Common Stock of the Company shall be changed into the same or a different number of shares of the same or another class or classes of stock or securities of the Company or another entity, then the Holders of Series E Convertible Preferred Stock shall thereafter have the right to purchase and receive upon conversion of Series E Convertible Preferred Stock, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such shares of stock and/or securities as may be issued or payable with respect to or in exchange for the number of shares of Common Stock immediately theretofore

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purchasable and receivable upon the conversion of Series E Convertible Preferred Stock held by such Holders had such merger, consolidation, exchange of shares, recapitalization or reorganization not taken place, and in any such case, appropriate provisions shall be made with respect to the rights and interests of the Holders of the Series E Convertible Preferred Stock to the end that the provisions hereof (including, without limitation, provisions for adjustment of the number of shares issuable upon conversion of the Series E Convertible Preferred Stock otherwise set forth in this Section E.) shall thereafter be applicable, as nearly as may be practicable, in relation to any shares of stock or securities thereafter deliverable upon the exercise hereof. The Company shall not effect any transaction described herein unless the resulting successor or acquiring entity (if not the Company) assumes by written instrument the obligation to deliver to the Holders of the Series E Convertible Preferred Stock such shares of stock and/or securities as, in accordance with the foregoing provisions, the Holders of the Series E Convertible Preferred Stock may be entitled to purchase.

(ii) If, any adjustment under this section would create a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, such fractional share shall be disregarded, and the number of shares of Common Stock issuable upon conversion shall be the next higher number of shares.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation of Series E Convertible Preferred Stock to be duly executed by its President and attested to by its Secretary this 25th day of June, 2002, who, by signing their names hereto, acknowledge that this Certificate of Designation is the act of the Company and state to the best of their knowledge, information and belief, under the penalties of perjury, that the above matters and facts are true in all material respects.

YP.NET, INC.

/s/ ANGELO TULLO

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Angelo Tullo,  
President

/s/ DEVAL JOHNSON

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DeVal Johnson,  
Secretary

YPNET, INC.  
EMPLOYEES', OFFICERS & DIRECTORS' STOCK OPTION PLAN  
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YP.NET, INC.

EMPLOYEES', OFFICERS' & DIRECTORS' STOCK OPTION PLAN

APRIL 10, 2002

1. Purpose. The purpose of this YP.Net, Inc. (the "Company") Employees', Officers' and Directors' Stock Option Agreement (the "Plan") is to strengthen YP.Net and to further the growth and development of the Company by providing additional means of attracting and retaining competent managerial personnel, exclusively as an incentive, to directors, officers, and employees of the Company who are in a position to contribute materially to the prosperity of the Company, to participate in the long-term growth of the Company by receiving the opportunity to acquire shares of the Common Stock of the Company, and to provide for additional compensation based on appreciation in the Company's shares. The Plan provides a means to increase such persons' interests in the Company's welfare, to encourage them to continue their services to the Company or its subsidiaries, and to attract individuals of outstanding ability to enter the employment of the Company or its subsidiaries.
2. Definitions. The following definitions are applicable to the Plan:
  - 2.1 Accrued Installment. Any exercisable portion of a Stock Option granted under the Plan.
  - 2.2 Affiliate. Any subsidiary corporation of the Company, as such term is defined in Sections 424(e) and (f), respectively, of the Code.
  - 2.3 Board. The Board of Directors of the Company.
  - 2.4 Code. The Internal Revenue Code of 1986, as amended from time to time.
  - 2.5 Company. YP.Net, a Nevada corporation.
  - 2.6 Common Stock. The shares of the \$.001 par value common stock of YP.Net.
  - 2.7 Compensation Committee. A Committee selected by the Board that shall administer the Plan pursuant to the terms hereof.
  - 2.8 Disabled or Disability. A Participant shall be deemed to be Disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than thirty (30) consecutive days. The determination of whether an individual is Disabled or has a Disability shall be determined under procedures established by the Plan Administrators.
  - 2.9 Eligible Recipient. Shall have the meaning assigned to it in Section 7 hereof.
  - 2.10 Fair Market Value. For purposes of the Plan, the Fair Market Value of any share of Common Stock of the Company at any date shall be determined based on the following: (a) if the Common Stock is listed on an established stock exchange or exchanges or reported by NASDAQ, the last reported sale price per share on the last trading day immediately preceding such date on the principal exchange on which it is traded, or if no sale was made on such

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day on such principal exchange, at the closing reported bid price on such day on such exchange, or (b) if the Common Stock is not then listed on an exchange, the last reported sale price per share on the last trading day immediately preceding such date reported by NASDAQ, or if sales are not reported by NASDAQ or no sale was made on such date, the average of the closing bid and asked price per share for the Common Stock in the over-the-counter market as quoted by NASDAQ on the day prior to such date, or (c) if the Common Stock is not publicly traded at the time and a Stock Option or Restricted Stock Option is granted under the Plan, Fair Market Value shall be deemed to be the fair value of the Common Stock as determined by the Plan Administrators after taking into consideration all factors that it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's-length.

- 2.11 Family Member. For purposes of the Plan, Family Member means a Participant's spouse, stepchildren, in-laws, ancestors and lineal ascendants and descendants. In addition, a Family Member shall be deemed to include a corporation, partnership, limited liability company, or trust whose only stockholders, partners, members or beneficiaries are the specified person and/or the specified person's spouse, stepchildren, in-laws, ancestors and lineal ascendants and/or descendants.
- 2.12 Incentive Stock Option. Any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code.
- 2.13 Nonqualified Stock Option. Any Stock Option that is not an Incentive Stock Option.
- 2.14 Optionee. The recipient of a Stock Option.
- 2.15 Option Price. The exercise or purchase price for any Stock Option awarded under the Plan.
- 2.16 Participant. Any Eligible Recipient selected by the Plan Administrators, pursuant to the Plan Administrator's authority in Section 7 herein, or by the Board, to receive grants of Stock Options, Restricted Stock awards or any combination of the foregoing.
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- 2.17 Plan. The YP.Net, Inc. Employees' Stock Option Plan, as amended from time to time.
- 2.18 Plan Administrators. The Company's Compensation Committee, as designated pursuant to Section 6 hereof, who is authorized to administer, construe and interpret the terms of the Plan.
- 2.19 Restricted Stock. Any option granted pursuant to Section 10 hereof of shares of Common Stock subject to certain restrictions.
- 2.20 Stock Option. Any option to purchase shares of Common Stock pursuant to Section
3. Stock Options Under the Plan. Two types of Stock Options (referred to herein as Stock Options', without distinction between such two types) may be granted under the Plan: Provided, Stock Options intended to qualify shall be either Incentive Stock Options or Nonqualified Stock Options.
4. Effective Date of Plan. The Plan shall be adopted and become effective on the date of execution specified below (the "Effective Date").
5. Term of Plan. Unless sooner terminated by the Board in its sole discretion, the Plan will expire and no Stock Options or Restricted Stock awards may be granted hereunder on and after ten (10) years from the Effective Date (the Plan Termination Date").
6. Administration. 1. The Plan shall be administered by a majority of the Compensation Committee, who shall be known as the "Plan Administrators." The Actions of the Plan Administrators shall be subject to and under review by the Company's Board of Directors. The Compensation Committee shall consist of not fewer than two (2) members of the Board, all of whom shall be persons who, in the opinion of counsel to the Company, are outside

directors and "non-employee directors" within the meaning of Rule 16b-3(b)(3)(i) promulgated pursuant to the Securities Exchange Act of 1934, as amended, from time to time. The Board may increase or decrease (to not less than two members) the size of the Compensation Committee, and add additional members to, or remove members from, the Compensation Committee. The Compensation Committee shall act pursuant to a majority vote or the unanimous written consent of its members and minutes shall be kept of all of its meetings and copies thereof shall be provided to the Board upon request of the Board. Subject to the provisions of the Plan as of the date, hereof as adopted by the Board, the Compensation Committee may establish and follow such rules and regulations for the conduct of its business as it may deem advisable.

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No member of the Compensation Committee shall be liable for any action or determination undertaken or made in good faith with respect to the Plan or any agreement executed pursuant to the Plan. Subject to the provisions of the Plan, the Plan Administrators shall have the sole authority and discretion:

(a) to select those Eligible Recipients who shall be Participants, who may be nominated by the President, Chairman, or Chief Financial Officer.

(b) to determine under what terms and whether and to what extent Stock Options, whether of Restricted or Registered Stock, or a combination of the foregoing, are to be granted hereunder to Participants;

(c) to determine the number of shares of Common Stock to be covered by each such option granted hereunder;

(d) in determining the number of shares of Common Stock to be optioned pursuant to the granting of Stock Options, in addition to the formulaic grants described hereinafter in Section 6.1(c), the Plan Administrators shall take into account as to any Eligible Recipient whose performance merits it, those factors including, without limitation, the Eligible Recipient's tenure with the Company, responsibility level, performance, potential and cash compensation level.

(e) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any option granted hereunder (including, but not limited to the restrictions applicable to Restricted Stock awards and the conditions under which restrictions applicable to such Restricted Stock shall lapse);

(f) to determine the terms and conditions, not inconsistent with the terms of the Plan, that shall govern all written instruments evidencing the Stock Options, Restricted Stock or any combination of the foregoing granted hereunder to Participants; and

(g) to reduce the exercise price of any Stock Option to the then current Fair Market Value, but to not less than \$1.00, if the Fair Market Value of the Common Stock covered by such Stock Option has declined since the date such Stock Option was granted.

2. The Plan Administrators shall have the authority, in their sole discretion, to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as they shall from time to time deem advisable; to interpret the terms and provisions of the Plan and any option issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

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3. All decisions made by the Plan Administrators pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, including the Company and the Participants.

7. Eligibility. Any of the following individuals shall be eligible to receive Stock Options of Restricted or Registered Stock under the Plan (each, an "Eligible Recipient"): (i) any employee, officer or member of the Board of Directors of the Company or an Affiliate and (ii) any consultant or professional employed by the Company or an Affiliate; provided, however, that no person who owns stock possessing more than 10% of the total

combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations shall be eligible to receive an Incentive Stock Option under the Plan unless at the time such Stock Option is granted the Option Price (determined in the manner provided in Section 9.2 hereof) is at least 110% of the Fair Market Value of the shares subject to the Stock Option and such Stock Option by its terms is not exercisable after the expiration of five (5) years from the date such Stock Option is granted. Any Participant may receive more than one Stock Option or Restricted Stock Option under the Plan.

8. Shares Subject to the Plan.

8.1 Available Shares. The shares received and available for issuance under the Plan shall be shares of the Company's authorized but unissued, or reacquired, Common Stock. Subject to adjustment as provided in Section 8.2 hereof, the aggregate number of shares that may be issued under the Plan shall not exceed a total of Three Million (3,000,000) shares of the Company's Common Stock. In the event that (i) the grant of any Stock Option under the Plan for any reason expires, is terminated or surrendered without being exercised in full or is exercised or surrendered without the distribution of shares or (ii) any shares of Common Stock subject to any Restricted Stock Option granted hereunder are forfeited, such shares of Common Stock allocable to the unexercised portion of the Stock Option or the Restricted Stock award shall again be available for issuance in connection with future awards under the Plan. If any shares of Common Stock have been pledged as collateral for indebtedness incurred by a Participant in connection with the exercise of a Stock Option and such shares are returned to the Company in satisfaction of such indebtedness, such shares shall again be available for issuance in connection with future options under the Plan. In the event any portion of a Stock Option is exercised pursuant to a "stock-for-stock exercise" as provided in Subsection 9.3(h), the shares of Common Stock surrendered thereby shall again be available for grant and distribution under the Plan as if no Stock Option had been granted with respect to such shares. The maximum number of shares of Common Stock that shall be issuable upon the exercise of any and all Options granted to any one individual pursuant to this Plan shall not exceed 30% of the total number of shares eligible to be issued.

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8.2 Capital Structure Adjustments. Except as otherwise provided herein, in the event of a stock dividend (but only on Common Stock), stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, separation, or like change in the corporate or capital structure of the Company affecting the stock or securities of the Company, appropriate and proportionate capital structure adjustments shall be made in (i) the aggregate number of shares of Common Stock reserved for issuance under the Plan, (ii) the kind, number and Option Price of shares subject to outstanding Stock Options granted under the Plan, and (iii) the kind, number and purchase price of shares issuable pursuant to awards of Restricted Stock. The foregoing adjustments shall be made by the Plan Administrators, in their sole discretion, the determination of which in that respect shall be final, binding, and conclusive; provided that each Incentive Stock Option granted pursuant to the Plan shall not be adjusted in a manner that causes it to fail to continue to qualify as an Incentive Stock Option. In the event of a liquidation, a merger, reorganization, or consolidation of the Company with any other corporation in which the Company is not the surviving corporation or the Company becomes a wholly-owned subsidiary of another corporation, any unexercised Stock Option rights theretofore granted under the Plan shall be (i) assumed by any surviving corporation or similar stock options shall be substituted therefore, or (ii) such Stock Options shall continue in full force and effect.

9. Terms and Conditions of Stock Options. Stock Options granted under the Plan shall be evidenced by agreements (which need not be identical and which may include the agreement of the Optionee to be responsible for the Optionee's assumption and payment of any tax assessment and/or liability) in such form and containing such provisions that are consistent with the Plan as the Plan Administrators shall from time to time approve. Such agreements may incorporate all or any of the terms hereof by reference and shall comply with and be subject to the following terms and conditions:



- 9.1 Number of Shares Subject to Stock Option. Each Stock Option agreement shall specify the number of shares subject to the Stock Option.
- 9.2 Stock Option Price. The Option Price for the shares subject to any Stock Option shall be such amount as is determined by the Plan Administrators. Anything to the contrary contained herein notwithstanding, the Option Price for the shares subject to any Nonqualified Stock Option or any Incentive Stock Option shall not be less than \$1.00 or 100% of the Fair Market Value of the shares of Common Stock of the Company on the date the Stock Option is granted, whichever is greater. In the case of an Incentive Stock Option

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granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations, the Option Price shall not be less than \$1 .10 or 110% of the Fair Market Value of the shares of Common Stock of the Company on the date the Stock Option is granted, which ever is greater.

- 9.3 Notice and Payment. Any exercisable portion of a Stock Option may be exercised only by:

(a) delivery of a written notice to the Company, prior to the time when such Stock Option becomes unexercisable under Section 9.6 hereof, stating the number of shares being purchased and complying with all applicable rules established by the Plan Administrators;

(b) payment in full of the Option Price of such Option by, as applicable; (i) cash or check for an amount equal to the aggregate Option Price for the number of shares being purchased; (ii) in the discretion of the Plan Administrators, upon such terms as the Plan Administrators shall approve, a copy of instructions to a broker directing such broker to sell the Common Stock for which such Stock Option is exercised, and to remit to the Company the aggregate Option Price of such Stock Option (a "cashless exercise"); (iii) in the discretion of the Plan Administrators, upon such terms as the Plan Administrators shall approve, the Optionee may pay all or a portion of the Option Price for the number of shares being purchased by tendering shares of the Company's Common Stock owned by the Optionee, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the aggregate Option Price of the shares with respect to which such Stock Option or portion is thereby exercised (a "stock-for-stock exercise"); or (iv) in any other form of legal consideration that may be acceptable to the Plan Administrators ("other legal consideration");

(c) payment of the amount of tax required to be withheld (if any) by the Company or any parent or subsidiary corporation as a result of the exercise of a Stock Option. At the discretion of the Plan Administrators, upon such terms as the Plan Administrators shall approve, the Optionee may pay all or a portion of the tax withholding by; (i) cash or check payable to the Company; (ii) cashless exercise; (iii) stock-for-stock exercise; (iv) other legal consideration; or (v) a combination of (i), (ii), (iii) and (iv); and

(d) delivery of a written notice to the Company requesting that the Company direct the transfer agent to issue to the Optionee (or to his designee) a certificate for the number of shares of Common Stock for which the Stock Option was exercised or, in the case of a cashless exercise, for any shares that were not sold in the cashless exercise.

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Notwithstanding the foregoing, the Company, subject to the provisions of Section 9.11 hereof, may extend and maintain, or arrange for the extension and maintenance of, credit to any Optionee to finance the Optionee's payment of the Option Price upon the exercise of any Stock Option, on such terms as may be approved by the Plan Administrators, subject to applicable regulations of the Federal Reserve Board and any other laws or regulations in effect at the time such credit is extended. The Plan Administrators may, at any time and in their discretion, authorize a cash payment, determined in accordance with Section 9.12, which shall not exceed the amount required to pay in full the federal, state and local tax consequences of an exercise of any Stock Option granted under the Plan.

- 9.4 Non-Transferability of Options.

(a) Generally. No Stock Option granted under this Plan shall be assignable or transferable, directly or indirectly, by an Optionee other than by will or the laws of descent and distribution, and such Stock Option may be exercised during the Optionee's lifetime only by the Optionee, or in the event of death or Disability, by the Optionee's legal representative or personal representative.

(b) Exceptions. Notwithstanding Section 9.4(a), a Nonqualified Stock Option may be transferred to a Family Member of the Optionee. In the case of a transfer pursuant to this Section, the remaining provisions of this Plan and the terms of any Stock Option agreement under this Plan shall continue to apply as if the Optionee retained ownership of the Stock Option.

9.5 Exercise of Stock Option. The Plan Administrators shall have the power to set the time or times within which each Stock Option shall be exercisable and to accelerate the time or times of exercise. To the extent that an Optionee has the right to exercise a Stock Option and purchase shares pursuant thereto, the Stock Option may be exercised from time to time as provided in this Section 9.5. Subject to the actions, conditions and/or limitations set forth in this Plan and/or any applicable Stock Option agreement entered into hereunder, Stock Options granted under this Plan shall be exercisable in accordance with the following rules:

(a) Subject in all cases to the provisions of Sections 8 and 9.6 hereof, Stock Options shall vest and become exercisable as determined by the Plan Administrators; provided, however that by a resolution adopted after a Stock Option is granted the Plan Administrators, may, on such terms and conditions as the Plan Administrators may determine to be appropriate, accelerate the time at which such Stock Option or installment thereof may be exercised.

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(b) Subject to the provisions of Sections 8 and 9.6 hereof, a Stock Option may be exercised when and to the extent such Stock Option becomes an Accrued Installment as provided in the terms under which such Stock Option was granted and at any time thereafter during the term of such Stock Option; provided, however, that in no event shall any Stock Option be granted after the Plan Termination Date.

9.6 Term of Stock Option. Any unexercised Accrued Installment of any Stock Option granted hereunder shall expire and become unexercisable and no Stock Option shall be exercisable after the earliest of:

(a) ten (10) years from the date of grant; or

(b) the expiration date of the Stock Option established by the Plan Administrators at the time of grant of any Stock Option; or

(c) thirty (30) days following the effective date of the termination of employment or directorship (if such individual is not then an officer or employee of the Company) with the Company or any Affiliate, as the case may be, of an Optionee for any reason other than death or Disability (the "Termination Date"). The Plan Administrators, in their sole discretion, may extend such thirty (30) day period for a period following the Termination Date, but in no event beyond ten years from the date of grant. Any installments under Stock Options that have not accrued (become vested) as of said Termination Date shall expire and become unexercisable as of said Termination Date. The Plan Administrators, in their sole discretion, may vest any installments under Stock Options. Unless otherwise determined by the Plan Administrators in their sole discretion, any portion of a Stock Option that expires hereunder shall remain unexercisable and be of no effect whatsoever after such expiration notwithstanding that such Optionee may be reemployed by, or again become a director of, the Company or a subsidiary thereof, as the case may be; or

(d) notwithstanding the foregoing provisions of this Section 9.6, in the event of the death of an Optionee while an employee, consultant, officer or director of the Company or any Affiliate, as the case may be, or in the event of the termination of employment, directorship or a contract to render services to the Company by reason of the Optionee's Disability, any unexercised Accrued Installment of the Stock Option granted hereunder to

such Optionee shall expire and become unexercisable as of the earlier of:  
(i) the expiration date of the Stock Option established by the Plan Administrators at the time of grant of any Stock Option; (ii) ten (10) years from the date of grant;

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or (iii) eighteen (18) months after the date of death of such Optionee (if applicable) and one (1) year after the date of the termination of employment or directorship by reason of Disability (if applicable). Any installments under a deceased Optionee's Option that have not become exercisable as of the date of his or her death shall expire and become unexercisable as of said date of termination of employment as a result of death or Disability. For purposes of this Subsection 9.6(d), an Optionee shall be deemed employed by the Company or any of its subsidiaries, as the case may be, during any period of leave of absence from active employment as authorized by the Company or any of its subsidiaries, as the case may be; or

(e) in the case of an Incentive Stock Option granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations, the term set forth in Subsection 9.6(a), above, shall not be more than five years after the date the Stock Option is granted.

- 9.7 Limit on Incentive Stock Options. The aggregate Fair Market Value (determined at the time the Incentive Stock Option is granted) of the Common Stock with respect to which Incentive Stock Options granted under this Plan are exercisable for the first time by an Optionee during any calendar year shall not exceed \$300,000. To the extent that the aggregate Fair Market Value (determined at the time the Stock Option is granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under all Incentive Stock Option plans of the Company and any parent or subsidiary corporations) exceeds \$300,000, such Stock Options shall be treated as Nonqualified Stock Options. The determination of which Stock Options shall be treated as Nonqualified Stock Options shall be made by taking Stock Options into account in the order in which they were granted.
- 9.8 No Fractional Shares. In no event shall the Company be required to issue fractional shares upon the exercise of a Stock Option.
- 9.9 Exercisable in the Event of Death. In the event of the death of the Optionee, any such Accrued Installment of a deceased Optionee may be exercised prior to its expiration pursuant to Section 9.6 by (and only by) the Optionee's personal representatives, heirs, or legatees or other person or persons to whom the Optionee's rights shall pass by will or by the laws of the descent and distribution, if applicable, subject, however, to all of the terms and conditions of this Plan and the applicable Stock Option agreement governing the exercise of Stock Options granted hereunder.

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- 9.10 Modification, Extension, and Renewal of Stock Options. Subject to the terms and conditions and within the limitations of the Plan, the Plan Administrators may modify, extend, or renew outstanding Stock Options granted under the Plan, accept the surrender of outstanding Stock Options (to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefore (to the extent not theretofore exercised). The Plan Administrators may modify any outstanding Stock Options so as to specify a lower Option Price. The Plan Administrators shall not, however, without the consent of the Optionee, modify any outstanding Incentive Stock Option in any manner that would cause the Stock Option not to qualify as an Incentive Stock Option. Notwithstanding the foregoing, no modification of a Stock Option shall, without the consent of the Optionee, alter or impair any rights of the Optionee under the Stock Option.
- 9.11 Loans. The Company may extend and maintain, or arrange for the extension and maintenance of, credit to any Optionee to finance the Optionee's

purchase of shares pursuant to the exercise of any Stock Option, on such terms as may be approved by the Plan Administrators, subject to applicable regulations of the Federal Reserve Board and any other laws or regulations in effect at the time such credit is extended, either on or after the date of grant of such Stock Option. Such loans may be either in connection with the grant or exercise of any Stock Option, or in connection with the payment of any federal, state and local income taxes in respect of income recognized upon exercise of a Stock Option. The Plan Administrators shall have full authority to decide whether to make a loan hereunder and to determine the amount, term, and provisions of any such loan, including the interest rate (which must be not less than the Company would pay) charged in respect of any such loan, whether the loan is to be secured or unsecured, the terms on which the loan is to be repaid and the conditions, if any, under which it may be forgiven. However, no loan hereunder shall have a term (including extensions) exceeding three years in duration or be an amount exceeding the total Option Price paid by the borrower under a Stock Option or for related Common Stock under the Plan plus an amount equal to the cash payment permitted in Section 9.12 below.

9.12 Cash Payments. The Plan Administrators may, at any time and in their discretion, authorize a cash payment in respect of the grant or exercise of a Stock Option under the Plan or the lapse or waiver of restrictions under

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a Stock Option, which shall not exceed the amount that would be required in order to pay in full the federal, state and local income taxes due as a result of income recognized by the recipient as a consequence of: (i) the receipt of a Stock Option or the exercise of rights there under, and (ii) the receipt of such cash payment. The Plan Administrators shall have complete authority to decide whether to make such cash payments in any case, to make provisions for such payments either simultaneously with or after the grant of the associated Stock Option, and to determine the amount of any such payment.

10. Restricted Stock.

10.1 General. Restricted Stock may be issued either alone or in addition to Stock Options granted under the Plan. The Plan Administrators shall determine the Eligible Recipients to whom, and the time or times at which, grants of Restricted Stock shall be made; the number of shares to be awarded; the price, if any, to be paid by the recipient of Restricted Stock; the Restricted Period, as defined in Section 10.3 hereof, applicable to Restricted Stock; the date or dates on which restrictions applicable to Restricted Stock awards shall lapse during the Restricted Period; and all other conditions of the Restricted Stock awards. Subject to the requirements of Section 162(m) of the Code, as applicable, the Plan Administrators may also condition the grant of Restricted Stock upon the exercise of Stock Options, or upon such other criteria as the Plan Administrators may determine, in their sole discretion. The provisions of Restricted Stock awards need not be the same with respect to each recipient. In the sole discretion of the Plan Administrators, loans may be made to Participants in connection with the purchase of Restricted Stock under substantially the same terms and conditions as provided in Section 9.11 hereof with respect to the exercise of Stock Options.

10.2 Awards and Certificates. The prospective recipient of an Option to receive Restricted Stock shall not have any rights with respect to such Option, unless and until such recipient has executed an agreement evidencing the Option (a "Restricted Stock Option Agreement") and delivered a fully executed copy thereof to the Company, within a period of sixty days (or such other period as the Plan Administrators may specify) after the granting date. Except as otherwise provided below in this Section 10.2, (i) each Participant who exercises his Option for Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock; and (ii) such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Stock.

The Plan Administrators may require that the stock certificate(s) evidencing the issuance of Restricted Stock hereunder be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock so issued, the Participant shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Option.

10.3 Restrictions and Conditions. The Restricted Stock Options granted pursuant to this Section 10 shall be subject to the following restrictions and conditions:

(a) Subject to the provisions of the Plan and the Restricted Stock Option Agreement, as a appropriate, governing such Option, during such period as may be set by the Plan Administrators commencing on the grant date (the "Restricted Period"), the Participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock issued under the Plan; provided, however, that the Plan Administrators may, in their sole discretion, provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Plan Administrators may determine, in their sole discretion, including, but not limited to, the attainment of certain performance related goals, the Participant's termination of employment or service, death or Disability.

(b) Except as provided in Section 10.3(a), the Participant shall generally have, with respect to shares of Restricted Stock, all of the rights of a stockholder with respect to such stock during the Restricted Period. Certificates for shares of unrestricted Common Stock shall be delivered to the Participant promptly after, and only after, the Restricted Period shall expire without forfeiture in respect of such shares of Restricted Stock, except as the Plan Administrators, in their sole discretion, shall otherwise determine.

(c) The rights of holders of Restricted Stock Options upon termination of employment or service for any reason during the Restricted Period shall be set forth in the Restricted Stock Option Agreement governing such awards.

11. Termination or Amendment of the Plan. The Board may at any time terminate or amend the Plan in accordance with the following provisions:

11.1 Amendment to Plan. Except as provided in Section 11.3 hereof, the Board may amend this Plan from time to time in such respect as the Board

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may deem advisable, provided, however, that no such amendment shall operate to affect adversely a Participant's rights under this Plan with respect to any Stock Option or Restricted Stock Option granted hereunder prior to the adoption of such amendment, except as may be necessary, in the judgment of counsel to the Company, to comply with any applicable law.

11.2.1.1 Effect of Termination of Plan on Outstanding Stock Options or Restricted Stock. Except as set forth in Section 8.2 hereof, no termination of the Plan prior to the Plan Termination Date shall, without the written consent of the Participant, alter the terms of Stock Options or Restricted Stock already granted and such Stock Options or Restricted Stock shall remain in full force and effect as if this Plan had not been terminated.

11.3 Stockholder Approval for Amendment to Plan. Any amendment to the Plan that would result in any of the following changes (except by operation of Section 8.2) must be approved by the stockholders of the Company: (i) an increase in the total number of shares of Common Stock covered by the Plan; (ii) a change in the class of persons deemed to be Eligible Recipients under the Plan; and (iii) an extension of the term of the Plan beyond ten (10) years from the Effective Date.

12. Indemnification. In addition to such other rights of indemnification as they may have as members of the Board, the Compensation Committee, and each member individually, and the Plan Administrators shall be indemnified by the Company against reasonable expense, including reasonable attorney's

fees, actually and necessarily incurred in connection with the defense of any action, suit, or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any grant there under, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any action, suit, or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit, or proceeding that any of them is liable for gross negligence or misconduct in the performance of their duties, provided that within sixty (60) days after institution of any such action, suit, or proceeding, they shall offer in writing to the Company the opportunity, at their own expense, to handle and defend the same.

13. Withholding. Whenever the Company proposes or is required to issue or transfer shares under the Plan, the Company shall have the right to require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares of Common Stock. If an Optionee surrenders shares acquired pursuant to the exercise of an

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Incentive Stock Option in Incentive Stock Option in payment of the Option Price and such surrender constitutes a disqualifying disposition for purposes of obtaining Incentive Stock Option treatment under the Code, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares. Whenever under the Plan payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any federal, state and local withholding tax requirements. An Optionee may elect with respect to any Stock Option that is paid in whole or in part in shares of Common Stock, to surrender previously acquired shares of Common Stock or authorize the Company to withhold shares (valued at Fair Market Value on the date of surrender Or withholding of the shares) in satisfaction of all such withholding requirements (the "Share Surrender Withholding Election") in accordance with the following:

- 13.1 Irrevocable Election. Any Share Surrender Withholding Election shall be made by written notice to the Company and thereafter shall be irrevocable by the Optionee.
- 13.2 Approval by Plan Administrators. Any Share Surrender Withholding Election shall be subject to the consent or disapproval of the Plan Administrators in accordance with rules established from time to time by the Plan Administrators.
- 13.3 Timing of Election. Any Share Surrender Withholding Election must be made prior to the date on which the Optionee recognizes taxable income with respect to the receipt of such shares (the "Tax Date").
- 13.4 Timing of Delivery. When the Tax Date falls after the exercise of a Stock Option and the Optionee makes a Share Surrender Withholding Election, the full number of shares subject to the Stock Option being exercised will be issued, but the Optionee will be unconditionally obligated to deliver to the Company on the Tax Date the number of shares having a value on the Tax Date equal to the Optionee's federal, state and local withholding tax requirements.
- 13.5 Terms in Agreement. For purposes of this Section 13.5, the Plan Administrators shall have the discretion to provide (by general rule or a provision in the specific Stock Option agreement) at the election of the Optionee, "federal, state and local withholding tax requirements" that shall be deemed to be any amount designated by the Optionee that does not exceed his estimated federal, state and local tax obligations associated with the transaction, including FICA taxes to the extent applicable.

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14. General Provisions.

- 14.1 Transfer of Common Stock. Common Stock issued pursuant to the exercise of a

Stock Option or the grant of a Restricted Stock Option granted under this Plan or any interest in such Common Stock, may be sold, assigned, gifted, pledged, hypothecated, encumbered or otherwise transferred or alienated in any manner by the holder(s) thereof, subject, however, to any restrictions contained in the Company's Restated Articles of Incorporation, to the provisions of this Plan, including any representations or warranties requested under Section 14.5 hereof, and also subject to compliance with any applicable federal, state, local or other law, regulation or rule governing the sale or transfer of stock or securities.

14.2 Reservation of Shares of Common Stock. The Company, during the term of this Plan, will at all times reserve and keep available such number of shares of its Common Stock as shall be sufficient to satisfy the requirements of the Plan.

14.3 Restrictions on Issuance of Shares. The Company, during the term of this Plan, will use commercially reasonable efforts to seek to obtain from the appropriate regulatory agencies any requisite authorization in order to issue and sell such number of shares of its Common Stock as shall be sufficient to satisfy the requirements of the Plan. The inability of the Company to obtain from any such regulatory agency having jurisdiction thereof the authorization deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of its Common Stock hereunder or the inability of the Company to confirm to its satisfaction that any issuance and sale of any shares of such Common Stock will meet applicable legal requirements shall relieve the Company of any liability in respect of the non-issuance or sale of such Common Stock as to which such authorization or confirmation shall have not been obtained.

14.4 Notices. Any notice to be given to the Company pursuant to the provisions of this Plan shall be in writing and addressed to the Company in care of its Plan Administrators at its principal office, and any notice to be given to a director, officer, employee or consultant of the Company or any of its Affiliates to whom a Stock Option or Restricted Stock Option is granted hereunder shall be in writing and addressed to him or her at the address given beneath his or her signature on his or her Stock Option agreement or Restricted Stock Option agreement, as the case may be, or at such other address as such employee, officer, director or consultant or his or her transferee (upon the transfer of Common Stock) may hereafter designate in writing to the Company. Any such notice shall be deemed duly given when delivered in person or mailed by first-class mail (return

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receipt requested), telecopy or overnight courier to the other's address. It shall be the obligation of each Participant and each transferee holding Common Stock granted pursuant to the Plan to provide the Plan Administrators, by letter mailed as provided hereinabove, with written notice of his or her correct mailing address.

14.5 Representations and Warranties. As a condition to the exercise of any portion of a Stock Option or the grant of any Restricted Stock award, the Company may require the person exercising such Stock Option or receiving such Restricted Stock to make any representation and/or warranty to the Company as may, in the judgment of counsel to the Company, be required under any applicable law or regulation, including, but not limited to, a representation and warranty that the shares are being acquired only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required under the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable law, regulation or rule of any governmental agency.

14.6 No Enlargement of Employee Rights. This Plan is purely voluntary on the part of the Company, and while the Company hopes to continue it indefinitely, the continuance of the Plan shall not be deemed to constitute a contract between the Company or any of its Affiliates and any director, officer, consultant or employee, or to be consideration for, or a condition of, the employment of any employee. Nothing contained in the Plan shall be deemed to give any employee the right to be retained in the employ of the Company or any of its Affiliates or to interfere with the right of the Company or any of its Affiliates to terminate the employment or service of

any of its officers, directors, employees or consultants at any time. No officer, director, employee or consultant shall have any right to or interest in Stock Options or Restricted Stock awards authorized hereunder prior to the grant of such a Stock Option or Restricted Stock Option to such officer, director, employee or consultant, and upon such grant he shall have only such rights and interests as are expressly provided herein, subject, however, to all applicable provisions of the Company's Restated Articles of Incorporation, as the same may be amended from time to time.

14.7 Restrictions on Issuance of Shares. The issuance of Stock Options, Restricted Stock Options and shares of Common Stock related thereto shall be subject to compliance with all of the applicable requirements of law with respect to the issuance and sale of securities as the Plan Administrators may deem advisable under the Securities Act, including, without limitation, any required qualification under the rules, regulations or other requirements of the Securities and Exchange Commission, any Stock exchange upon which the Common Stock is then listed and any applicable federal and state

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securities laws including, without limitation, any required qualification under the Nevada Corporate Securities Law or the Securities Act.

14.8 Legends on Stock Certificates. Unless there is a currently effective appropriate registration statement on file with the Securities and Exchange Commission pursuant to the Securities Act with respect to the shares of Common Stock issuable under this Plan, each Certificate representing such Common Stock shall be endorsed on its face with the following legend or its equivalent:

"Neither the shares represented by this Certificate, nor the Options pursuant to which such shares were issued, have been registered under the Securities Act of 1933, as amended. These shares have been acquired for investment (and not with a view to distribution or resale) and may not be sold, mortgaged, pledged, hypothecated or otherwise transferred without an effective registration statement for such shares under the Securities Act of 1933, as amended, or until the issuer has been furnished with an opinion of counsel for the registered owner of these shares, reasonably satisfactory to counsel for the issuer, that such sale, transfer or disposition is exempt from the registration or qualification provisions of the Securities Act of 1933, as amended."

A copy of this Plan shall be delivered to the Secretary of the Company and shall be shown by him to any eligible person making reasonable inquiry concerning it. In addition, the Company reserves the right to place any legends or other restrictions on each certificate representing Common Stock that may be required by any applicable state securities or other laws.

14.9 Remedies. Should any dispute arise concerning the sale or other disposition of a Stock Option, Restricted Stock or shares of Common Stock issued or issuable upon the exercise of a Stock Option, or any breach by the Company of the terms of the Plan, any Stock Option agreement or any Restricted Stock Option agreement, a Participant's sole and exclusive remedy shall be damages.

14.10 Invalid Provisions. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability shall not be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions shall be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

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14.11 Applicable Law. This Plan shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements made and to be performed entirely within such state and without regard to the conflict of law principles thereof.



14.12 Successors and Assigns. This Plan shall be binding on and inure to the benefit of the Company and the officers, directors, employees and consultants of the Company and any Affiliate to whom a Stock Option or Restricted Stock is granted hereunder, and their heirs, executors, Administrator's, legatees personal representatives, assignees and transferees.

14.13 Rights as a Stockholder or Employee. A Participant or transferee of a Stock Option or Restricted Stock shall have no right as a stockholder of the Company with respect to any shares covered by any grant under this Plan until the date of the issuance of a share certificate for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether cash, securities, or other property) or distributions or other rights for which the record date is prior to the date such share certificate is issued, except as provided in Section 8.2 hereof.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officer and to be effective on this 10th day of April, 2002.

YP.Net, Inc.

By: /s/Angelo Tullo

Angelo Tullo  
President and Chief Executive Officer

Attest:

By:

Secretary

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Data Products License AgreementACXIOM  
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This Data Products License Agreement ("Agreement") is entered into as of the 30th day of March 2001 ("Effective Date") by and between Acxiom Corporation ("Acxiom") and Publication Management, Inc. ("Customer").

1. GENERAL. "Customer" shall include any legal entities that are controlled by Customer as of the execution date of this Agreement ("Subsidiaries"), provided, that Customer shall include a list of Customer's current Subsidiaries on the applicable Product Schedule (as defined below) prior to execution of this Agreement. Customer guarantees its Subsidiaries' obligation under this Agreement. Notwithstanding anything to the contrary in this Agreement, in the event that Customer is acquired by or merged into a separate entity during the Term, as defined below, of this Agreement and the surviving entity desires to receive Data, as defined below, from Acxiom pursuant to this Agreement, the parties agree that the fees set forth in the applicable Product Schedule for the Data may be subject, in Acxiom's sole and reasonable discretion, to adjustment by Acxiom in consideration of any such acquisition or merger.

2. TERM / RENEWAL / TERMINATION.

2.1 This Agreement shall begin on the Effective Date and shall continue until terminated. The term of a Product Schedule shall be set forth in the Product Schedule.

2.2 Subject to Section 2.3, either party may terminate (i) this Agreement upon ninety (90) days prior written notice for convenience, provided that no Product Schedule is in effect upon termination, or (ii) this Agreement or a Product Schedule immediately in the event the other party is in default under this Agreement or the respective Product Schedule and fails to cure such default within thirty (30) days of written notice from the other party specifying the nature of such default.

2.3 In the event of a termination of the Agreement and in the event that any Product Schedule is still in effect as of the effective date of such termination, this Agreement shall remain in full force and effect with respect to such Product Schedule and until such Product Schedule is terminated in accordance with the terms set forth in the Product Schedule.

2.4 In the event that legislation, governmental regulations, or industry self-regulation prohibits the delivery or use of a Product, Acxiom may terminate this Agreement or the applicable Product Schedule upon the effective date of such legislation or regulations. If Acxiom should voluntarily withdraw a Product due to legislative, regulatory industry, or political pressures, Acxiom may terminate this Agreement or the applicable Product Schedule upon three (3) months prior written notice, and Customer shall discontinue using the Data (as defined below) at the end of such three-month period.

2.5 Upon the termination of this Agreement or a Product Schedule for any reason, Customer shall, at Acxiom's option, destroy or return to Acxiom the respective Data and any copies thereof and certify in a writing to be delivered to Acxiom within five (5) business days following such destruction or return that the Customer has fully complied with the requirements of this Section. Upon termination, Customer shall promptly pay to Acxiom any outstanding fees owed to Acxiom. In no event shall Customer be entitled to a refund of amounts paid, except as specifically provided in this Agreement.

3. PRODUCTS / PAYMENT.

3.1 Subject to the license granted in Section 5, Acxiom may provide (i) data ("Data") contained in the Acxiom products ("Products") described in one or more Product schedules ("Product Schedules") executed by the parties and incorporated herein by reference; and (ii) the Data processing services in connection therewith. In the event a conflict arises between the terms of any Product Schedule and the Agreement, the terms of the Product Schedule shall prevail.

3.2 Customer agrees to pay Acxiom for the Products in accordance with the payment terms set forth in the Product Schedule. In the event of a good faith dispute as to the calculation of an invoice, Customer shall immediately give written notice to Acxiom stating the details of any such dispute and shall promptly pay any undisputed amount. The acceptance by Acxiom of such partial payment shall not constitute a waiver of payment in full by Customer of the disputed amount.

3.3 Any undisputed amounts not paid within thirty (30) days of the date of invoice shall accrue interest at a rate of one percent (1%) per month or the maximum lawful rate, whichever is less. Failure to make timely payments shall constitute a default hereunder and shall entitle Acxiom, in its sole discretion, to suspend its provision of the Products and require payment in advance until Customer's account is paid in full.

4. TITLE. Customer acknowledges that the Data contained within the Products shall at all times remain the intellectual property of Acxiom or the third party data owners who provided the Data to Acxiom ("Data Owners"), and that Customer

has no rights whatsoever in the Data or the Products except as expressly set forth in this Agreement or the applicable Product Schedule.

#### 5. PRODUCT LICENSE / DELIVERY.

5.1 License Grant. Acxiom hereby grants and Customer hereby receives a limited, non-transferable, non-exclusive license (License") to use the Data, subject to the terms of this Agreement and the applicable Product Schedule.

5.2 Use by Future Subsidiaries. In the event that any future Subsidiary of Customer desires to receive the Products from Acxiom, Customer and Acxiom shall mutually agree upon and execute an amendment to this Agreement and the applicable Product Schedule, which amendment shall set forth the specific Products, services and applicable fees related thereto to be licensed to such Subsidiary by Acxiom.

5.3 Restrictions. In addition to any restrictions included in a Product Schedule and except as expressly authorized in a Product Schedule, Customer may not use the Data as a factor in establishing an individual's creditworthiness or eligibility for (i) credit or insurance, or (ii) employment.

5.4 Suppression Files. Unless otherwise directed by Customer in writing and as applicable to the permitted uses set forth in the Product Schedule, Acxiom shall automatically apply the Direct Marketing Association's ("DMA") Mail Preference Service and Telephone Preference Service suppression files (the "Suppression Files") to any prospecting use of the Data not involving Customer's house files to designate an individual consumer as having opted out of receiving marketing solicitations. In the event that Customer does not honor such election, Acxiom may terminate this Agreement immediately and without any further liability to Customer, and Customer agrees defend, indemnify,

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Data Products License Agreement

ACXIOM  
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and hold Acxiom harmless for any claims brought against Acxiom arising out of Customer's failure to honor such election. Further, due to the varying publication dates of updates to the Suppression Files, Customer acknowledges that Acxiom cannot guarantee that the names or telephone numbers of all such consumer have been identified on or deleted from the Products supplied to Customer hereunder.

5.5 Consumer Inquiries. Unless otherwise provide in an applicable Product Schedule, Customer shall be responsible for accepting and responding to any communication initiated by a consumer ("Consumer Inquiries") arising out of Customer's use of the Data. Customer agrees that it will implement a "consumer care" system that includes in-house capabilities to suppress consumer information, upon request by a consumer, from future marketing initiatives by Customer. Customer agrees to honor such consumer's request to opt-out of receiving telemarketing, e-mail marketing and direct marketing solicitations by suppressing such consumer information from Customer's marketing solicitations. Customer may communicate to Acxiom records of the deceased and only Consumer Inquiries that are determined to involve the accuracy of the Data. No reference to Acxiom in written or oral communication to a consumer or in scripts used by Customer in responding to Consumer Inquiries shall be made without Acxiom's prior written approval. Acxiom may from time to time, upon specific request from consumers, provide corrections to the Data to License, and License further agrees to update its records upon receipt of such corrections.

5.6 Third Party Restrictions. Because certain portions of the Data are from Data Owners, Acxiom is obligated to comply with certain restrictions and requirements placed upon the use of such information by these third parties. Customer shall strictly comply with all restrictions and requirements now or hereafter imposed upon Acxiom by any Data Owner and made known to Customer in writing.

5.7 Delivery. In the event that Acxiom provides the Products to Customer electronically, Customer acknowledges that certain mechanical or software failures may render an electronic transmission medium unavailable for periods of time and that Acxiom may not be able to provide advance warning to Customer of such downtime. Acxiom shall exercise its vest efforts to provide Customer with advance notice of downtime.

#### 6. CONFIDENTIALITY.

6.1 The Data provided to Customer by Acxiom or any proprietary or confidential information provided hereunder by one party ("Disclosing Party") to the other ("Receiving Party") shall be held in strict confidence by the Receiving Party and shall not be disclosed or used for any purpose other as specifically authorized by the Disclosing Party or as expressly provided in this Agreement without the prior written consent of the Disclosing Party. The

Receiving Party shall exercise at least the same degree of care with which it protects its own confidential or proprietary information, but not less than a reasonable degree of care, to ensure compliance with its obligation under this Agreement respecting the authorized use, protection and security of the Disclosing Party's confidential information, and to this end shall instruct its employees and all other parties who have a need to know and are permitted access to the Disclosing Party's confidential information of the restrictions contained in this Agreement.

6.2 Customer agrees not to remove any product identification, copyright or other proprietary notices from the Products.

6.3 Customer agrees that no part of the Products will be used in the development of (i) any application that is outside the scope of this Agreement or applicable Product Schedule or (ii) any products or services to be provided to third parties including, without limitation, any list enhancement or data appending service or product.

7. PRIVACY / DATA PROTECTION. The parties agree to comply with all privacy and data protection laws, rules and regulations, and with the DMA's published policies, which are or which may in the future be applicable to the Data.

#### 8. GERNERAL WARRENTIES.

8.1 Acxiom warrants that it shall provide the Data consistent with standard industry practices, that it will provide the Data described herein in a professional and workmanlike manner, that it is authorized to provide the Data, and that by executing this Agreement Acxiom does not violate any law, statute or regulation and does not breach any other agreement to which Acxiom is a party or is bound.

8.2 Acxiom warrants that the Data will, upon delivery, be as current, accurate and complete as may be reasonably achieved using the source data, compilation and data processing methods normally employed by Acxiom in the ordinary course of its business. Notwithstanding the foregoing, Acxiom does not warrant the Data as being error free. Neither Acxiom nor the Data Owners attempt to independently verify the completeness, accuracy or authenticity of the Data. In addition, the Data reported to and by Acxiom and the Data Owners may be subject to transcription and transmission errors. Accordingly, the Data is provided on an "as is," "as available" basis. Any use or reliance upon the Data by Customer or its customers shall be at their own risk. THE FOREGOING IS A LIMITED WARRANTY AND ACXIOM MAKES AND CUSTOMER RECEIVES NO OTHER WARRANTY, EXPRESS OR IMPLIED, AND ALL IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

8.3 Customer warrants that (i) if it is a corporation or limited liability company, it is duly formed and in good standing under the laws of the state of its incorporation or organization; (ii) it is qualified to transact business in all states where the ownership of its properties or nature of its operations requires such qualification; (iii) it has full power and authority to enter into and perform the Agreement; (iv) the execution and delivery of the Agreement have been duly authorized; and (v) by executing the Agreement, Customer does not violate any law, statute or regulation and does not breach any other agreement to which Customer is a party or is bound.

#### 9. REMEDIES.

9.1 Acxiom's sole obligation and Customer's exclusive remedy for any claim of defective Data or Data processing services shall be to correct the Data or reperform the services in question without charge or, at Customer's option, to refund the price paid by Customer for such services or Data. Customer must provide written notice to Acxiom of such claim, describing any errors in sufficient detail with any necessary backup information or documents. Customer acknowledges that some corrections of errors in the Data shall be dependent on the availability of same from the source of the applicable data.

9.2 Acxiom's aggregate liability to Customer, whether for negligence, breach of warranty, or any other cause of action, shall be limited to the price paid for the data processing services or Data to which the incident relates.

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Data Products License Agreement

ACXIOM  
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10. LIMITATION OF LIABILITY. IN NO EVENT SHALL ACXIOM OR ANY DATA OWNER BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER OR NOT FORESEEABLE AND HOWEVER ARISING, INCLUDING BUT NOT LIMITED TO LOST INCOME OR LOST REVENUE, WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY. Any cause of action arising from or in connection with this Agreement shall be asserted within one (1) year of the date upon which such cause of action accrued, or the date upon which the complaining party should have reasonably discovered the existence of such cause of action, whichever is later.

11. INDEMNIFICATION. Customer shall defend, indemnify and hold harmless Acxiom from and against any and all claims, demands, judgments, liability, damages, losses, costs and expenses, including reasonable attorneys' fees, arising out of or resulting from Customer's misuse or unauthorized use of the Data or Product.

12. MISCELLANEOUS.

12.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and all written or oral prior agreements between the parties with respect to this subject matter. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, notwithstanding any conflict of law provisions, and any amendment shall be in writing and signed by authorized representatives of all parties.

12.2 To assist Acxiom in the protection of its proprietary rights in the Data, Customer shall permit representatives of Acxiom to inspect at all reasonable times any location where the Data is being used or kept by Customer. Customer agrees to notify Acxiom of any actual or suspected unauthorized use or disclosure of the Data and provide reasonable assistance to Acxiom in the investigation and prosecution of any such unauthorized use or disclosure. Such audit shall be strictly limited to those books and records that specifically relate to information pertinent to the use of the Data. The parties agree that any such audit shall be conducted in a manner that does not disrupt Customer's normal operating procedures, and shall not violate any other obligations that Customer has to its customers.

12.3 Customer acknowledges that damages would not adequately compensate Acxiom for loss or injury resulting from a breach of the provisions of this Agreement. Acxiom shall have the right to injunctive and other equitable relief to remedy such violations, in addition to any remedies available to Acxiom at law or in equity.

12.4 Customer may not assign, delegate or transfer, by operation of law, merger sale or otherwise this Agreement or any of the rights or obligations hereunder, without the express prior written consent of Acxiom.

12.5 If any one or more of the provisions of the Agreement shall for any reason be held to be invalid, illegal or unenforceable, the same shall not affect any of the other portions of the Agreement. Failure or delay by either party in exercising any right hereunder shall not operate as a waiver of such right. The headings used in this Agreement are for reference purposes only and shall not be deemed a substantive part of this Agreement.

12.6 This Agreement may be executed in any number of counterparts, including facsimile copies, such of which may be executed by less than all of the parties hereto, each of which shall be enforceable with respect to the parties actually executing such counterparts, and all of which together shall constitute one document.

12.7 PUBLICITY. Acxiom may include Customer on its customer list in presentations made to shareholders, customers and stock analysts, provided no representation, express or implied, is or will be made as to Customer's opinion of Acxiom's services and/or products (including but not limited to by way of predictions or projections of future business).

12.8 FORCE MAJEURE. Neither party shall be liable for any losses arising out of the delay or interruption of its performance of obligation under the Agreement due to any act of God, act of governmental authority, act of public enemy, war, riot, flood, civil commotion, insurrection, severe weather conditions, or any other cause beyond the reasonable control of the party delayed.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement to be effective as of the Effective Date.

YP.NET, INC.  
SIMPLE.NET GROUP  
TELCO BILLING, INC.  
PUBLICATION MANAGEMENT, INC.

ACXIOM CORPORATION

4840 E. Jasmine, Suite 105  
Mesa, Arizona 85205

#1 Information Way, Post Office Box 8180  
Little Rock, Arkansas 72203

BY: /s/ Daniel Madero

BY:

-----  
(Signature)

-----  
(Signature)

Daniel Madero,  
Director of Operations

-----  
(Print or Type Name & Title)

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(Print or Type Name & Title)

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<CAPTION>

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Data Products License Agreement

ACXIOM  
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To the Data Products March30, 2001 Customer: Publication Management, Inc.  
License Agreement dated:

<S> <C> <C> <C>  
Products: InfoBase(R) List Product Schedule Effective Data: March 30, 2001

</TABLE>

Capitalized terms not defined in this Product Schedule shall have the meaning given them in the Agreement.

Term  
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The initial term of this Product Schedule ("Product Schedule Term") shall begin on the Product Schedule Effective Date and shall continue for a period of three (3) year(s), and thereafter shall continue and remain in effect for additional one (1) year terms until terminated as set forth below. For purposes of this Product Schedule, the Product Schedule Initial Term and all renewal terms shall be referred to as the "Product Schedule Term". Either party may terminate this Product Schedule to be effective at the end of the Product Schedule Term by providing written notice to the other party at least ninety (90) days prior to the end of the Product Schedule Term. The data ("Data") provided pursuant to this Product Schedule may be used by Customer for a period not to exceed the Product Schedule Term. Customer must return or destroy the Data in accordance with the Agreement.

Products  
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The following selected Products from the InfoBase List suite of Products shall be provided to Customer. The specific Data elements to be provided to Customer from the Products are set forth on Attachment 1 attached hereto and made a part hereof.

- \_\_\_\_\_ InfoBase Consumer List
- \_\_\_\_\_ Real Property Advantage
- \_\_\_\_\_ Hot List:
  - \_\_\_\_\_ New Movers
  - \_\_\_\_\_ New Homeowners
  - \_\_\_\_\_ New Borrowers
- \_\_\_\_\_ Equity Plus (Customer agrees that a portion of the Equity Plus Product contains data supplied by Trans Union LLC ("Trans Union") and Customer's use of such data shall be governed by a separate written agreement to be executed between Customer and Trans Union)
- InfoBase Business List
- \_\_\_\_\_ InfoBase Business Wholesale File
- \_\_\_\_\_ InfoBase Commercial Property Owners File
- \_\_\_\_\_ InfoBase New Business List

Acxiom shall provide the Data to Customer within ten (10) days of the execution of this Product Schedule.  
Acxiom shall provide Transactional updates to the Data on a Quarterly basis.

License Fees: \$120,000 Annual License Fee  
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Payment Terms: Customer agrees to pay the license fees ("License Fees") set forth below within thirty (30) days of receipt of an invoice from Acxiom.

Payment Schedule  
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<TABLE>  
<CAPTION>

	Year 1		Year 2		Year 3
	-----		-----		-----
<S>	<C>	<C>	<C>	<C>	<C>
\$25,000	Due March 20, 2001	\$30,000	Due March 20, 2002	\$35,000	Due March 20, 2003
\$25,000	Due June 20, 2001	\$30,000	Due June 20, 2002	\$35,000	Due June 20, 2003
\$25,000	Due September 20, 2001	\$30,000	Due September 20, 2002	\$35,000	Due September 20, 2003
\$25,000	Due December 20, 2001	\$30,000	Due December 20, 2002	\$35,000	Due December 20, 2003

</TABLE>

Permitted Uses / Restrictions: Customer may use the products described in this Product Schedule in accordance with the following:

1. The Data provided hereunder shall be rented for use during the Product Schedule Term in accordance with the terms set forth in this Schedule. The Data is for the Customer's own internal marketing programs and for no other purpose, in the absence of prior written consent of

Acxiom and/or the Data Owners. Phone follow up within sixty (60) days of mail drop is not considered second use. For telemarketing applications, one-time use is defined as usage within sixty (60) days of delivery. The Data shall be examined upon the delivery thereof and Customer shall notify Acxiom in writing within 30 days of delivery of any questions or problems.

1.1 The Data is seeded to detect any unauthorized use or duplication thereof, and Customer agrees not to knowingly remove seeds from the Data set provided by Acxiom for the purpose of omitting those records from a mailing list. If Acxiom discovers unauthorized use or duplication by Customer, Acxiom shall, among other things, invoice Customer for the full multiple use charge and/or be entitled to liquidated damages of treble the amount of the agreement.

1.2 All marketing efforts, solicitations, advertising copy and other communications used in connection with any list created by or for Customer derived solely from the Data shall (i) be devoid of any reference to any selection criteria or presumed knowledge concerning the intended recipient of such solicitation, or the source of the recipient's name and address; and (ii) be in good taste in accordance with generally recognized industry standards and standards of high integrity. Customer agrees to maintain its own internal nixie file for the suppression of its customer's records of those customers who wish to opt out of receiving telemarketing and direct mail solicitations in accordance with Section 5.5 of the Agreement.

1.3 Acxiom reserves the right to review and pre-approve the Customer's intended use of the Data, including, but not limited to, sample mail pieces, prior to Acxiom's acceptance of an order. Customer is responsible for all materials intended for mailing to names/addresses on the Data provided by Acxiom, and further agrees to (i) keep copies of mail materials for a period of no less than six (6) months after any mail date and (ii) provide one (1) copy of such material to Acxiom upon request.

1.4 Notwithstanding the foregoing, any consumer "lifestyle" Data that is provided to Customer under this Product Schedule shall not be used in telemarketing activities. Further, no marketing list created using the data as selection criteria shall communicate or be selected from any consumer credit information. Customer shall not use any Data to advertise, sell, or exchange any products or services that involve sexual paraphernalia; drug paraphernalia; pornographic materials; weapons; credit repair services or other illegal or illicit activities.

1.5 Customer acknowledges that the Federal Communications Commission ("FCC") has placed restrictions upon marketing activities using facsimile numbers for unsolicited marketing advertisements. Customer agrees that any use of facsimile numbers provided by Acxiom as part of the Data will be used in strict accordance with all applicable laws, rules and regulations including, without limitation, the FCC's rules and regulations. Customer shall defend, indemnify and hold harmless Acxiom from and against any and all claims, demands, judgments, liability, damages, losses, costs and expenses, including reasonable attorneys' fees, arising out of or resulting from Customer's use of the facsimile numbers in violation of any federal, state or local statutes, ordinances, rules or regulations.

2. Customer may also use the Data for its own internal directory assistance application, or as part of an Internet or internal intranet directory assistance application ("Directory Assistance Application") on Customer's World Wide Web Internet Site ("Customer Web Site(s)"). As part of the Internet Directory Assistance Application, visitors ("Web Site User") to the Customer Web Site may search a national database of businesses. Customer agrees that it shall exercise its best efforts to ensure that Web Site Users are prohibited from downloading any Data licensed to Customer by Acxiom from the Customer Web Site in any form whatsoever. Customer agrees to limit the amount of Data on the results screen to one hundred (100) specific listings. For purposes of this Product Schedule, downloading shall mean any form of electronic transfer of Data, other than an electronic transfer to a Web Site User's display screen or a screen print by such a Web Site User, from Customer's results screen.

3. Customer shall hold and use the Data strictly in accordance with the following conditions, unless otherwise agreed in writing:

3.1 The Data shall remain on Customer-owned and controlled servers ("Customer Servers") at all times during the Product Schedule Term. The initial Customer Server hosting street address is 4840 E. Jasmine, Suite 110, Mesa, Arizona 85205. Customer may change the hosting address set forth herein upon written notice to Acxiom within thirty (30) days of such a change, which notice shall contain the new address location or any additional address locations of Customer-owned and controlled servers on which the Data will be stored.

3.2 Customer shall not use the Data as part of any interactive, on-line, CD-ROM or other derivative product or resell or distribute the Data or any subset thereof in any way except as provided in this Product Schedule.

3.3 Customer agrees to include the following statement regarding copyright and unauthorized use, which statement shall be prominently displayed on the Legal Disclaimer Page of the Customer Web Site or Intranet site, as applicable: "This information is proprietary to Acxiom Corporation and is protected under U.S. copyright law and international treaty provisions. This information is licensed for your personal or professional use and may not be

resold or provided to others. You may not distribute, sell, rent, sublicense, or lease such information, in whole or in part to any third party; and you will not make such Acxiom information available in whole or in part to any other user in any networked or time sharing environment, or transfer the information in whole or in part to any computer other than the PC(s) used to access this information."

4. Each Customer Web page containing Acxiom Data will display a logo as demonstrated at <http://www.acxiom.com/infobase/content/products/dba.asp> on the first or initial screen of each results page. Customer agrees that each logo will be hyper-linked to the [www.databyacxiom.com](http://www.databyacxiom.com) page or another page within the Acxiom Web site as determined by Acxiom.

5. In the event that Customer receives Acxiom's proprietary standardized yellow pages heading codes, core microcodes, or Action's SIC schema (collectively, the "Codes") as part of the Products licensed pursuant to this Product Schedule, Customer may use such Codes only in accordance with the permitted uses described in this Product Schedule. In addition to the restrictions set forth herein, Customer shall not modify, adapt, translate, reverse engineer, de-compile, disassemble, or otherwise attempt to discover the technology or methodologies underlying the Codes, nor shall Customer instruct or allow anyone else to undertake such prohibited actions.

SPECIAL TERMS AND CONDITIONS:  
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In addition to the foregoing, the following special terms and conditions are applicable to Customer's use of the Products:

1. Notwithstanding anything to the contrary in the foregoing, Customer may provide the Data, to its third party service bureau processor/consultant ("Third Party Processor") who is performing services for Customer in connection with Customer's own marketing programs; provided, that, prior to delivery of the Data to the Third Party Processor, Customer shall have obtained Third Party Processor's written agreement to: i) hold the Data in strict confidence; ii) use the Data only in connection with such services; and iii) not sell, rent or otherwise provide the Data to any third party.

2. AbiliTec(TM) Links. Customer agrees that in connection with Acxiom's

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processing and delivery of updates to the Acxiom Data licensed by Customer pursuant to this Product Schedule, Acxiom shall provide Customer access to AbiliTec, a customer data integration and linking software technology used to manage data that includes data management programs ("Programs"), a proprietary numbering system that facilitates the management of consumer, business, and postal delivery point data ("Links"), (Programs and Links are collectively, "Software"). Customer agrees that it shall hold Software as strictly confidential and shall not use Software except for the express purpose of matching updated Data provided by Acxiom to Customer's file that houses the original Data provided by Acxiom and for suppressing information from the Data updates that Customer elects not to use within Customer's directory assistance application. Use of Software is for Customer's internal use only and may not be distributed in any form whatsoever. Customer shall not: (a) use Software as part of any data integration process; (b) modify, adapt, translate, reverse engineer, de-compile, disassemble, or otherwise attempt to discover the technology or matching methodologies underlying Software, nor shall Customer instruct or allow anyone else to undertake such prohibited actions; (c) merge Software with other software or create software that emulates or performs substantially the same functions unless such software is developed independently from and without reference to Software; (d) append the Links to any data; (e) derive a link or other field from a Link; or (f) use a Link as a customer or account number. Upon any termination or expiration of this Product Schedule or the Agreement, Customer agrees to immediately cease using Software, destroy the Links, and certify to Acxiom in writing that Customer has fully complied with the requirements of this Section.

3. Subsidiaries. The Subsidiaries listed below shall have access to and use

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of the Data: NONE.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Product Schedule to be effective as of the Product Schedule Effective Date.

YP.NET, INC.  
SIMPLE.NET GROUP  
TELCO BILLING, INC.  
PUBLICATION MANAGEMENT, INC.

ACXIOM CORPORATION

BY: /s/ Daniel Madero DOO

BY: \_\_\_\_\_

-----  
(Signature)

-----  
(Signature)



/s/ Daniel Madero

(Print or Type Name)

(Print or Type Name)

Director of Operations

(Title)

(Title)

#####

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Data Products License Agreement

ACXIOM

Attachment 1  
to the Product Schedule and  
Data Products License Agreement

The Data elements to be provided to Customer are as follows:

----- Transactional ID -----	TRADEMARK FLAG -----
BUSINESS NAME -----	FRANCHISE FLAG -----
EXPANDED BUSINESS NAME -----	CREADIT CARDS ACCEPTED -----
TRADESTYLE NAME -----	HOURS OF OPERATION -----
STREET NUMBER -----	STOCK EXCHAGE CODE -----
PRE DIRECTIONAL -----	LANGUAGE SPOKEN -----
STREET NAME -----	FEMALE OWNED BUSINESS -----
CITY NAME -----	MINORITY OWNED BUSINESS -----
STATE ABBREVIATION -----	PUBLIC / PRIVATE INDICATOR -----
ZIP -----	HEADQUARTER BRANCH CODES -----
ZIP +4 -----	BLANK -----
COUNTY CODE -----	BUSINESS DIRECTORY CLASSIFICATION CODES 1 -----
CARRIER ROUTE CODE -----	BUSINESS DIRECTORY CLASSIFICATION CODES 2 -----
Delivery Point Bar Code -----	BUSINESS DIRECTORY CLASSIFICATION CODES 3 -----
MSA -----	BUSINESS DIRECTORY CLASSIFICATION CODES 4 -----
PHONE NUMBER -----	BUSINESS DIRECTORY CLASSIFICATION CODES 5 -----
FAX NUMBER -----	BUSINESS DIRECTORY CLASSIFICATION CODES 6 -----
Individual Name -----	BLANK -----
Prefix Title Code -----	PRIMARY SIC CODE -----
First Name -----	SECONDARY SIC 2 -----
Middle Initial -----	SECONDARY SIC 3 -----
Last Name -----	SECONDARY SIC 4 -----
Title -----	SECONDARY SIC 5 -----
SALESVOLUME CODE -----	LATITUDE -----
EMPLOYEE SIZE CODE -----	LONGITUDE -----
YEAR ESTABLISHED -----	
AD TYPE -----	
AD SIZE -----	

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Dan Madero is hereby authorized to sign the Acxiom Database contract on behalf of the following:

YP.Net, Inc.

By: /s/ Angelo Tullo, Chairman

Telco Billing, Inc.

By: Angelo Tullo, President

Simple.Net Group

By: /s/ not legible, President

Phone Home Group

By: /s/ not legible

Publication Management, Inc.

By: /s/ not legible

<TABLE>  
<CAPTION>

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Data Products License Agreement ACXIOM  
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PRODUCT SCHEDULE

To the Data Products License Agreement dated: March 30, 2001 Customer: Publication Management, Inc.

<S> <C> <C> <C>  
Products: InfoBase(R) Internet Directory Assistance Product Schedule Effective Date: December 01, 2002

</TABLE>

\*The parties agree that upon execution of this Product Schedule, the InfoBase List Product Schedule, dated March 30, 2001, will be modified as provided herein and each party releases and discharges the other from any and all claims, known or unknown, except for obligations concerning the return of Data and/or other Confidential Information of either party, arising from the InfoBase List Product Schedule referenced herein.

Capitalized terms not defined in this Product Schedule shall have the meaning given them in the Data Products License Agreement "Agreement" dated March 30, 2001.

TERM

The initial term of this Product Schedule ("Product Schedule Initial Term") shall begin on the Product Schedule Effective Date and shall continue for a period of two (2) Years, and thereafter shall continue and remain in effect for additional one (1) Year terms until terminated as set forth below. For purposes of this Product Schedule, the Product Schedule Initial Term and all renewal terms shall be referred to as the "Product Schedule Term." Either party may terminate this Product Schedule to be effective at the end of the Product Schedule Term by providing written notice to the other party ninety (90) days prior to the end of the Product Schedule Term. The data ("Data") provided pursuant to this Product Schedule may be used by Customer for a period not to exceed the Product Schedule Term or as provided herein. Upon any expiration or termination of this Product Schedule, Customer must return or destroy the Data in accordance with the Agreement. The term "Year" is equal to four current, non-duplicated quarterly updates provided to Customer by Acxiom even if it takes longer than a calendar year for Acxiom to provide the required quarterly updates.

PRODUCTS:

The following selected Data package of the Product shall be provided to Customer. If applicable, the specific Data elements etc. to be provided to Customer from the Products are set forth on Attachment 1 attached hereto and made a part hereof.

X Internet Directory Assistance file / list

Acxiom shall provide the Data to Customer on the type of media and in the format selected below within 15 days of the execution of this Product Schedule.

DATA PACKAGE NUMBER: IDA FORMAT 2

MEDIA: CD ROM

FORMAT: ASCII COMMA DELIMITED

CASE: UPPER / LOWER

UPDATE TYPE: FULL FILE

Acxiom shall provide updates to the Data on a quarterly basis for contemplated used by Customer for a quarter of a year or until replaced by a new current update.

LICENSE FEES: \$30,000 per Year, \$60,000 paid upon execution of this agreement as full payment for the first two Years.

PAYMENT TERMS: The License fees ("License Fees") are due and payable in full upon execution of this Product Schedule. Customer agrees to pay all fees due hereunder upon receipt of an invoice from Acxiom.

PERMITTED USES / RESTRICTIONS: Customer may use the Data described in this Product Schedule in accordance with the following:

1. Customer may use the Data as part of an Internet or internal intranet directory assistance application ("Directory Assistance Application") on Customer's World Wide Web Internet Sites ("Customer Web Site"), or as provided in the Agreement. As part of the Internet Directory Assistance Application, visitors ("Web Site User") to the Customer Web Site may search a national database of residences and/or businesses provided by Acxiom. Customer agrees that it shall institute appropriate measures to ensure that Web Site Users are prohibited from downloading any Data from the Customer Web Site in any form whatsoever; provided, however, that the Web Site User may print or save up to fifty (50) specific listings at a time to the Web Site User's personal cell phone, personal digital assistant ("PDA") or PC for such Web Site User's personal use only.

Data Products License Agreement

ACXIOM

2. Customer shall hold and use the Data strictly in accordance with the following conditions, unless otherwise agreed in writing:

2.1 The Data shall remain on Customer-owned controlled servers ("Customer Servers") at all times during the Product Schedule Term. The initial Customer Server hosting street address is 4840 E. Jasmine, Suite 110, Mesa, Arizona 85205. Customer may change the hosting address set forth herein upon prior written notice to Acxiom, which notice shall contain the new address locations of Customer-owned and controlled servers on which the Data will be stored.

2.2 Customer shall not use the Data as part of any interactive, on-line, CD-ROM or other derivative product or resell or distribute the Data or any subset thereof in any way except as provided in this Product Schedule.

2.3 Customer agrees to include the following statement regarding copyright and unauthorized use, which statement shall be prominently displayed on the Customer Web Site or intranet site, as applicable: "This information is proprietary to Acxiom Corporation and is protected under U.S. copyright law and international treaty provisions. This information is licensed for your personal or professional use and may not be resold or provided to others. You may not distribute, sell, rent, sublicense, or lease such information, in whole or in part to any third party; and you will not make such Acxiom information available in whole or in part to any other user in any networked or time-sharing environment, or transfer the information in whole or in part to any computer other than the PC used to access this information."

2.4 The parties agree that Acxiom's copyright notice shall be displayed at the end of each session when the Data is downloaded by the Web Site User as described above in Section 1.

3. In the event that Customer receives Acxiom's proprietary BDC, NAICS, or Acxiom's SIC schema (collectively, the "Codes") as part of the Products licensed pursuant to this Product Schedule. In addition to the restrictions set forth herein, Customer shall not modify, adapt, translate, reverse engineer, de-compile, disassemble, or otherwise attempt to discover the technology or methodologies underlying the Codes, nor shall Customer instruct or allow anyone else to undertake such prohibited actions.

SPECIAL TERMS AND CONDITIONS:

In addition to the foregoing, the following special terms and condition are applicable to Customer's use of the Products:

1. Customer agrees that at all times it shall maintain current, accurate and complete books and records relating to its usage of the Data for royalty payments, if applicable, due Acxiom derived therefrom. Customer agrees that Acxiom, or any designee of Acxiom, shall have the right at any time following the Effective Date of this Agreement to examine, inspect, audit, review and copy or make extracts from all such books, records and any source documents used in the preparation thereof during normal business hours upon written notice to Customer at least three (3) business days prior to the commencement of any such examination, inspection, review or audit. Such audit shall be strictly limited to those books and records which specifically relate to royalty information pertinent to the use of the Data.

2. Customer will provide to Acxiom, free of charge, access to an unused banner advertising pool on Customer's Web Site if available when the Data is displayed.

3. Each Customer Web page containing Acxiom Data will display a logo as demonstrated at <http://www.acxiom.com/infobase/content/products/dba.asp> on the first or initial screen of each results page. Customer agrees that each logo will be hyper-linked to the [www.databyacxiom.com](http://www.databyacxiom.com) page or another page within the Acxiom Web site as determined by Acxiom.

4. Consumer Inquiries. Customer shall be responsible for accepting and

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responding to any communication initiated by a consumer ("Consumer Inquiries") arising out of Customer's services that utilized the Data. Customer agrees that it will implement a "consumer care" system that includes in-house capabilities to suppress consumer information, upon request by a consumer, from Customer Web Site and agrees to honor any such request by suppressing such consumer information from Customer Web Site. The parties agree that as part of Customer's "consumer care" system, Customer may include an opt out notice on the first or initial screen of each results page that provides the consumer with instructions for requesting that the consumer's information be removed from Customer Web Site. Customer may communicate to Acxiom records of the deceased and only Consumer Inquiries that are determined to involve the accuracy of the Data. No reference to Acxiom in written or oral communication to a consumer or in scripts used by Customer in responding to Consumer Inquiries shall be made without Acxiom's prior written approval.

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Data Products License Agreement ACXIOM  
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5. Subsidiaries. The Subsidiaries listed below shall have access to and use  
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of the Data: NONE

IN WITNESS WHEREOF, the duly authorized representatives of the parties to have access to and use or to provide data have executed this Product Schedule to be effective as of the Product Schedule Effective Date.

YP.NET, INC.  
SIMPLE.NET GROUP  
TELCO BILLING, INC.  
PUBLICATION MANAGEMENT, INC.

ACXIOM CORPORATION

BY: /s/ Greg Crane

BY: /s/ Anthony J. Sawforo

-----  
(Signature)

-----  
(Signature)

Greg Crane

Anthony J. Sawforo

-----  
(Print or Type Name)

-----  
(Print or Type Name)

Authorized Agent for Director

Client Executive

-----  
(Title)

-----  
(Title)

#####

-----  
Data Products License Agreement ACXIOM  
-----

ATTACHMENT 1  
to the Product Schedule and  
Data Products License Agreement

The Data elements to be provided to Customer are as follows: All available data elements, SIC to SIF translation table and Codes.



infoUSA

-----  
 infoUSA, Inc.  
 Master Database and Services Agreement  
 &  
 Terms & Conditions  
 -----

This agreement (the "Agreement") is entered into this 31st day of July, 2002

between infoUSA, Inc., a Delaware Corporation, with its principal place of business at 5711 South 86th Circle, Omaha, Nebraska 68127, and

(hereinafter known as "Customer") YP.NET, Inc., Yellow-Page.Net,  
 Simple.Net Group, Telco Billing, Inc.,  
 -----

with its principal place of business at 4840 E. JASMINE STREET, SUITE 105,  
 -----  
 MESA, AZ 85205  
 -----

Phone: 480-325-4303  
 -----

The parties to this Agreement, in consideration of the mutual covenants set forth herein, agree as follows.

A. DURATION

-----  
 This Agreement, which includes the Terms and Conditions attached hereto and incorporated by reference herein, is effective from the above date and shall remain in force for a term of three year(s) (Initial Term), unless otherwise terminated in accordance with the provisions contained herein. Following the Initial Term, the Agreement may be renewed for subsequent terms of 1 year each. As used herein, "Term" shall mean the Initial Term and any renewal term. Renewal shall be automatic unless either party notifies the other of its desire not to renew at least ninety (90) days prior to the end of the then current Term; provided, however, that either party may terminate the Agreement immediately in the event the other party is in default hereunder and fails to cure such default within forty-five (45) days of written notice from the other party specifying the nature of such default.

B. PURPOSE

-----  
 Customer shall have use of the Licensed Data for marketing to prospects. The Licensed Data may be used for direct marketing activities, database marketing, telemarketing, market analysis, or for any other permitted use as described below. The Licensed Data is for: (check one)  single use/  multiple use. If

-----  
 Customer has multiple subsidiaries and divisions, the use of the Licensed Data will be limited to the entity or division executing this Agreement. Upon completion of the authorized use of the Licensed Data, Customer shall delete all Licensed Data from its database and files, and return all copies of the Licensed Data to infoUSA and cease any and all use of the Licensed Data.

OTHER PERMITTED USE: Data to be used for Direct Mail, Telemarketing and Market

Research only.  
-----

C. LICENSED DATA

-----  
 infoUSA shall provide to Customer the Licensed Data as specified in Appendix B attached hereto and incorporated herein by reference.

D. PRICE

-----  
 For the use of infoUSA's Licensed Data, Customer agrees to pay infoUSA a license fee as set forth below, plus state sales tax and shipping charges:

First Year Fee \$

Each Subsequent Year             \$  
Other fee arrangement             \$20,000.00

QUARTERLY UPDATES (THREE) AT \$6,665.67 PER UPDATE, EACH TO BE INVOICED UPON DELIVERY. 1st Yr.

Following years 4 quarterly updates at \$5,000 per update.

The fee shall be due upon receipt of infoUSA's invoice.

E. OWNERSHIP  
-----

infoUSA is the sole owner, copyright holder, or a licensed distributor of all data covered in this Agreement. Customer acknowledges that ownership in and to the data licensed under this Agreement remains with infoUSA and that Customer has no rights of use, ownership, distribution, or transmittal outside the purposes described in this Agreement. All displays of infoUSA data in print or electronic media must carry infoUSA's copyright notice as follows: "Data provided by infoUSA, Omaha, NE, Copyright (C) 2001, All Rights Reserved."

F. AFFIRMATIVE COVENANTS OF LICENSEE.  
-----

During the Term, Licensee agrees to each of the following (with the more restrictive applying in the event of a conflict):

(i) Store the Database in its original form at its primary place of business, and, upon prior written notice to Licensor, such other places consistent with this Agreement and not make or permit to be made any other copies of the Database; provided, however, at each location where the Database is properly stored, one copy of the Database may be made for back-up purposes; and provided, further, that upon prior written notice to Licensor setting forth in reasonable detail the reasons for additional copies, such additional copies may be made;

InfoUSA, Inc. Master Database and Services Agreement  
To be used for all data orders of \$10,000 or more  
Revised 2/8/02   Page 1 of 4

infoUSA

(ii) Use the Database in compliance with (a) all federal, state and local laws, statutes, rules, regulations and ordinances including, without limitation, the FCRA, (b) all applicable privacy and data protection laws, rules and regulations, (c) all regulations, rules and policies adopted by Licensor, and (d) all regulations, rules and policies published by associations or groups in which Licensor is or becomes a member and to which regulations, rules and policies Licensor adheres; provided, however, that Licensor shall provide Licensee with copies of any such regulations, rules and policies and such regulations currently available and that are published in the future;

(iii) Require that all marketing efforts, solicitations, advertising copy and other communications derived either in whole or in part from the Database (a) not contain any reference to any selection criteria or presumed knowledge concerning the intended recipient of such solicitation or the source of such recipient's name and address, (b) be designed such that the recipient of such communication cannot determine that state title or registration information was used as an information source; and (c) be in good taste in accordance with generally recognized standards of high integrity;

(iv) Restrict its Customers from using telephone numbers or vehicle identification in any telemarketing script or in the address, envelope or body of a letter, solicitation, advertisement or the like that is used in a direct marketing program;

(v) Use information derived either in whole or in part from the Database solely for its own marketing programs, decision support purposes or information services for the purposes set forth in Appendix B;

(vi) Adhere to the restrictions regarding promotional mailings set forth in

Appendix C.

(vii) Adhere to the Confidentiality Statement set forth in Appendix A.

G. NEGATIVE COVENANTS OF LICENSEE.  
-----

During the Term, Licensee agrees not to:

(i) make the Database or any portion thereof available in an on-line environment except by an appropriately secured and encrypted bulletin board service, tape-to-tape batch transmission, or remote job entry;

(ii) Use the Database, either in whole or in part, as a factor in (a) establishing an individual's eligibility for credit or insurance; (b) connection with underwriting individual insurance; (c) evaluating an individual for employment or promotions, reassignment or retention as an employee; (d) in connection with a determination of an individual's eligibility for a license or other benefit granted by a governmental authority; or (e) in any other manner in which the usage of the Database or any information contained therein would cause such information to be construed as a Consumer Report by any regulatory authority having jurisdiction over Licensor, Licensee or the Database.

H. NOTICES  
-----

Notices to either party to this Agreement shall be in writing and shall be deemed to have been given when sent by certified mail to the below listed addresses. Invoices shall be sent to the Customer by first class mail.

INFOUSA  
Attn: Corporate Counsel  
5711 South 86th Circle  
Omaha, NE 68127

CUSTOMER YP.Net, Inc.  
Attention: Don Reiss  
-----  
Address: 4840 E. Jasmine #105  
-----

Mesa, Arizona 85205  
-----

Appendixes Attached:

Appendix A: Business Data

InfoUSA, Inc. Master Database and Services Agreement  
To be used for all data orders of \$10,000 or more  
Revised 2/8/02 Page 2 of 4

infoUSA

TERMS AND CONDITIONS

I. LICENSE

infoUSA hereby grants and Customer hereby accepts a nontransferable and non-exclusive License to use the Licensed Data and updates thereto as more particularly described in the Agreement attached hereto. The Agreement and these Terms and Conditions are collectively referred to herein as the "Agreement".

II. DATABASE

1. infoUSA shall provide to the Customer a tape or other medium, as agreed, containing the Licensed Data for Customer's use during the term of the Agreement.

2. infoUSA shall ship the Licensed Data to the Customer within ten (10) days of receipt of this executed Agreement. Shipment shall be to Customer's address as described in the Agreement or such other address as Customer may provide in writing to infoUSA.

3. Customer shall have use of the Licensed Data for only the purpose described in the Agreement.

4. Customer shall not use the Licensed Data to create, modify, and or update lists, directories, or compilations of any kind in any medium, that will be sold, exchanged, transmitted or provided, whether or not for value, to any person not employed by the Customer except as specified in the Agreement.



Further, the Customer shall not assign, sublicense, transfer or otherwise encumber or dispose of any interest in the Licensed Data or the Agreement.

5. Customer agrees that it shall take appropriate action with its employees, by agreement or otherwise, to satisfy its obligations with respect to the use of the Licensed Data, to protect infoUSA's copyrights and the restrictions imposed by the Agreement. The restrictions contained within the Agreement shall survive for a period of three years after the termination of this Agreement.

#### III. PAYMENT

1. For the use of the Licensed Data, Customer agrees to pay infoUSA a fee as detailed in the Agreement. Customer also shall pay any shipping or other charges incurred by infoUSA on the Customer's behalf, including, but not limited to, all taxes of any kind levied by any federal, state or municipal government or governmental agency that infoUSA is required to pay as a result of this Agreement. The Customer shall specifically exclude infoUSA's income taxes from this liability.

2. infoUSA shall send Customer an invoice for payments and other charges due and owing to infoUSA. Customer agrees to pay the invoice in full upon receipt of the invoice. If payment is not received within thirty days Customer shall be charged a one and one-half percent interest rate per month, for a total of eighteen percent per annum, on the outstanding balance. Non-payment of fees or other charges due infoUSA may at infoUSA's sole option be considered a breach of this Agreement and shall excuse further performance by infoUSA.

#### IV. WARRANTY

1. The infoUSA database is licensed on an "AS IS" basis without guarantee. InfoUSA does not guarantee that the infoUSA database will meet the Customer's requirements; that it will operate in the combinations, or in the equipment, selected by the Customer; or that its operation will be error-free or without interruption.

2. EXCEPT AS STATED HEREIN, infoUSA MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY EXPRESS OR IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY OF MERCHANTABILITY.

3. infoUSA shall not be liable for consequential or incidental damages, or for any lost profits or any claim or demand of a similar nature or kind, whether asserted by Customer against infoUSA or against infoUSA by any other party, even if infoUSA has been advised of the possibility of such damages. In no event shall infoUSA's entire aggregate liability for damages exceed the amount paid to infoUSA by Customer under this Agreement

#### V. GOVERNING LAW

This Agreement is entered into in the State of Nebraska and its provisions shall be construed in accordance with the laws of Nebraska without regard to Nebraska's conflicts of laws principles. Further, in the event a dispute arises between infoUSA and the Customer regarding the terms or performance of this Agreement, the parties consent to the exclusive jurisdiction of the Nebraska courts.

#### VI. SEVERABILITY

1. It is understood and agreed by infoUSA and the Customer that if any part, term or provision of the Agreement is construed by a court of competent jurisdiction to be invalid, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of InfoUSA and the Customer shall be construed and enforced as if the Agreement did not contain the particular part, term or provision determined to be invalid.

#### VII. EXCUSE OF PERFORMANCE

This Agreement is subject to and contingent upon force majeure and other delays outside the control of infoUSA. If delivery of the Licensed Data is prevented by any cause of force majeure, infoUSA shall not be liable for damages, consequential or otherwise, that the Customer may suffer.

#### VIII. MODIFICATION

1. This Agreement contains the entire Agreement between infoUSA and the Customer. No statements, promises or inducements made by either infoUSA or Customer shall be valid or binding upon either party.

2. This Agreement may not be modified, altered or enlarged except in writing and signed by infoUSA and the Customer.

#### IX. BREACH

1. In the event the Customer shall fail to make any payment to infoUSA within sixty days of its due date, or shall breach any of the terms or conditions or provisions of this Agreement, infoUSA, at its sole discretion and in addition to any of its other rights at law or equity, may either terminate this Agreement or may seek specific performance.

2. If InfoUSA initiates a lawsuit to enforce its rights under this Agreement, the Customer agrees to pay infoUSA's attorneys' fees and costs, if

infoUSA prevails.

X. PROCESSOR AGREEMENT

The infoUSA database may be furnished to an outside or other third-party processor, only after: (i) infoUSA has received infoUSA's Third Party Information Processor Agreement, duly executed by the third party processor; and (ii) infoUSA has given written authorization to Customer to allow processor access to the infoUSA database for Customer's processing, subject to all terms, conditions, limitations and restrictions in the Agreement.

XI. DISTRIBUTION APPROVAL

InfoUSA reserves the right to require Customer to secure infoUSA's advance approval of any materials that Customer proposes to mail or otherwise distribute to any names or addresses provided by infoUSA.

XII. CUSTOMER RESPONSIBILITIES

1. InfoUSA Inc./InfoUSA Marketing, Inc. and all of their affiliated companies (hereinafter the "Company") will provide the product/services as requested by Customer as shown below. Customer will have 14 days after receipt of the product/services provided by the Company to inspect the product/services and notify the Company of any problems or mistakes. If the Company has made a mistake, then the Company will correct the mistake at no additional charge. In any case, the Company's entire liability shall be limited to the amount paid to the Company by Customer. If Customer does not inform the Company within 14 days of receipt of product/services that there is a problem or mistake, both parties agree that the product/services are accepted. After the 14-day period has elapsed, the Company will not have any liability whatsoever to Customer.

2. Customer will provide testimonials and Company may reference Customer directly or indirectly in any of its publicity or marketing materials.

3. XIII. NON-SOLICITATION

The parties agree that during the term of the agreement, neither will directly or indirectly initiate communications with an employee of the other relating to possible employment with such party. This paragraph shall not prohibit either party from hiring employees of the other who themselves initiate communications relating to possible employment.

AUTHORIZED SIGNATURES

Each signatory to this Agreement represents and warrants that he or she has the authority to execute this Agreement on behalf of his or her party.

infoUSA (must be Level 9 or higher)

Authorized Signature /s/ Drew Lundgren  
-----

Printed Name, Title Drew Lundgren, VP,  
-----

Dated: 8/12/02  
-----

CUSTOMER:

Authorized Signature /s/ Angelo Tullo  
-----

Printed Name, Title Angelo Tullo, President  
-----

Dated: 7/31/02  
-----

InfoUSA, Inc. Master Database and Services Agreement  
To be used for all data orders of \$10,000 or more  
Revised 2/8/02 Page 3 of 4

infoUSA

APPENDIX A  
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BUSINESS DATABASE SELECTION & OUTPUT FORMAT

1. DATABASE SELECTION CRITERIA: Full US Business Database, one record

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per location  
-----

2. GEOGRAPHY: X Total USA                   Total        Other  
  -----

3. UPDATE FREQUENCY: Quarterly  
  -----

4. OUTPUT:           Tape           Cartridge           X CD-ROM           Diskette           Other  
          -----       -----       -----       -----       -----  
  
          X ASCII           EBCDIC           FTP           E-Mail           DLT           Format  
          -           -----       -----       -----       -----

5. DATA ELEMENTS -The Licensed Data shall include the following data elements, where available (check one):

N/A 278 LAYOUT (PARTIAL DATABASE)  
- - - -

<TABLE>  
<CAPTION>  
<S>

	<C>	<C>
ABI Number	Headquarters/Branch Code	Secondary SIC Code #3
Ad Size Code	Individual/Firm Code	Secondary SIC Code #4
Address	Industry Specific Code	Selected SIC Code
Area Code & Phone Number	Key Code	State Abbreviation
Business Name	Last Name	State Numeric Code
Carrier Route Code	Location Employee Size Code	Subsidiary Parent Number
City	Location Output/Sales Code	Telephone Number(excluding SIC 80)
Contact Name/Title Address	Office Size Code	Title Code
County Numeric Code	Population Code	Ultimate Parent Number
Date Added to Database	Primary SIC Code	Year of First Appearance
Fax Number	Production Date (MMDDYY)	Zip Code
First Name	Professional Title	Zip+4 Code
Franchise/Specialty	Secondary SIC Code #1	
Gender Code	Secondary SIC Code #2	

</TABLE>

N/A 378 LAYOUT (THE 278 DATA ELEMENTS, PLUS THE FOLLOWING)  
- - - -

Credit Code	Secondary City	Total Employee Size Code
Delivery Point Bar Code	Secondary State	Total No. Employees (Actual)
Number of Employees (Actual)	Secondary Zip Code	Total Output/Sales Code
Public Co. Indicator	Stock Exchange Code	
Secondary Address	Stock Ticker Symbol	

ADDITIONAL DATA ELEMENTS: (LIST)

OUTPUT SHALL INCLUDE: COMPANY NAME, FULL ADDRESS, PHONE NUMBER, FAX NUMBER, SIC  
-----  
CODES WITH FULL DESCRIPTIONS (UP TO 4 PER RECORD), GEO CODES AND ABI NUMBER.  
-----

Customer initials    AT  
                              -----

infoUSA initials     DL  
                              -----

EXPERIAN

EXPERIAN  
475 Anton Boulevard  
Costa Mesa, CA 9262G

714 830 7000 Telephone  
714 830 2511 Facsimile  
www.experian.com

VIA FEDERAL EXPRESS

February 13, 2003

Mr. Greg Crane  
Director  
YP.Net/Simple.Net Group  
4840 E. Jasmine #110  
Mesa, AZ 85205

RE: DATABASE EXTRACT LICENSE AGREEMENT  
BETWEEN YP.NET, INC./SIMPLE.NET GROUP  
AND EXPERIAN INFORMATION SOLUTIONS, INC

Dear Mr. Crane:

Here is a fully executed original of the subject Agreement for your file. It has been duly executed on behalf of Experian Information Solutions, Inc.

Sincerely,

/s/ Jeannine A. Ford  
Jeannine A. Ford  
Contracts Manager  
Experian Information Solutions, Inc.

enclosure

cc: Mr. Mike Green, Experian  
Ms. Coleen Bott, Experian

DATABASE EXTRACT LICENSE AGREEMENT

This DATABASE EXTRACT LICENSE AGREEMENT (the "Agreement") is effective as of February 01, 2003 ("Effective Date") by and between Experian Information

-----  
Solutions, Inc., an Ohio corporation acting through its Business Marketing Solutions group, having offices at 600 City Parkway West, 10th Floor, Orange, California 92868 (hereinafter referred to as "Experian") and YP.Net, Inc., a Nevada corporation, / Simple.Net Group having its principal office at 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205 ("Licensee").

WHEREAS, Experian has developed a Business Marketing Services database ("Database") containing records about businesses including the data elements listed on Exhibit A; and

WHEREAS, Licensee intends to use the data in the Database to conduct marketing activities to promote its own business and services, to conduct

certain televerification services to verify the accuracy of the data on the Database, to report information about the Database to Experian, and will provide new business records to Experian for inclusion in the Database; and

WHEREAS, The parties agree that the value of the Extract, as defined below, licensed by Experian to Licensee in this Agreement has a market value of \$150,000 per year; and

WHEREAS, Experian and Licensee desire to allow Licensee to use the Extract for the purposes as stated herein;

NOW, THEREFORE, for good and valuable consideration, and in consideration of the mutual covenants set forth herein, and with the intent to be legally bound hereby, the parties hereto agrees as follows:

1. Definitions. When used in this Agreement, the following terms shall have the following meanings:

a. "Extract" shall mean data file provided by Experian consisting of the data elements listed in Item 1 of Exhibit A from the then-current version of Experian's Database.

b. "Permitted Uses". Licensee will use the data in the Extract (1) for Licensee's own internal use to market and promote its business and services by telephone, internet or by mail sent to customers and prospective customers; (2) to televerify the data in the Extract and to report to Experian the results of the televerification; and (3) to compare and analyze the data in the Extract and provide Experian with the results of that analysis, including but not limited to, business records which have undeliverable addresses (mailings returned by Post Office) and business records which are unique to Experian's Extract.

c. "Term". shall mean the Term of this Agreement. The Term shall be for one (1) year beginning on the date set forth above ("Effective Date"), and shall automatically renew for additional one-year terms, unless a party gives written notice of non-renewal to the other party at least 60 days prior to the end of the current Term, or the Agreement is otherwise terminated sooner in accordance with paragraph 12 hereof.

d. "Approved Site" will be the physical location where the Extract may be stored by Licensee.

2. License. Subject to the terms and conditions of this Agreement, Experian grants Licensee a non-exclusive, non-transferable, license to use the Extract for Permitted Uses as stated in Paragraph 1b of this Agreement during the Term in exchange for Licensee's performance of the televerification and data analysis services.

3. Restrictions on Use of the Extract. Licensee agrees that it will hold and use the Extract strictly in accordance with the following:

a. Licensee shall use the Extract solely for the Permitted Use as stated in paragraph 1b above.

b. Licensee shall not transfer the Extract to any location other than the Approved Site and a disaster recovery facility specified in advance and reasonably acceptable to Experian, without Experian's prior written consent.

c. Licensee shall not, except as otherwise provided in this Agreement: (i) modify or copy the Extract other than as needed to perform the Permitted Uses, and except that Licensee may make a single copy of the Extract for backup purposes; (ii) combine the Extract or any information contained therein with, or include the Extract or any information contained therein in any Licensee file or

database or (iii) sell, resell, license, sublicense or otherwise disclose or allow any third party access to the Extract or any information contained therein, except as otherwise permitted in this Agreement.

d. Licensee shall issue direction and appropriate instructions regarding the restrictions set forth in this Agreement to any employee having access to the Extract and shall implement security measures to prevent the accidental or unauthorized use or release of Extract or any information contained therein.

e. Licensee shall comply with all applicable laws, rules and regulations in connection with its use of the Extract.

f. Licensee understands that the Extract has not been collected for credit purposes and is not intended to be indicative of any consumer's credit worthiness, credit standing, credit capacity, or other characteristics listed in Section 603(d) of the Fair Credit Reporting Act ("FCRA"), 15 USC Section 1681a, and that Experian does not intend to furnish "consumer reports" as such terms are defined in the FCRA. Licensee agrees that it shall not use the Extract or any information contained therein as a factor in establishing any consumer's eligibility for (i) credit or insurance used primarily for personal, family or household purposes, (ii) employment purposes, or (iii) other purposes authorized under Section 604 of the FCRA.

4. Delivery and Format of the Extract; Updates. Experian shall deliver to

-----  
Licensee the Extract upon a date and in a format and electronic medium, such as CD-ROMs, diskettes or magnetic tapes, to be agreed upon by the parties. Experian shall provide to Licensee, on a quarterly basis, a fully refreshed data file of the Extract.

5. Integration of Extract. Licensee shall, at its own cost and expense,

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provide equipment and software necessary to permit its use of the Extract and shall be solely responsible for any defects, malfunctions or other problems that may arise in connection with such equipment and software.

6. Alteration, Limitations. Experian may, without notice to Licensee,

-----  
modify the Extract, including, without limitation, its format. Experian will use reasonable efforts to give Licensee at least thirty (30) days' written notice of any substantial modification to the Extract. Experian shall give Licensee thirty (30) days' written notice before making any substantial modifications to the format of the Extract. At the reasonable request of Licensee, Experian shall provide Licensee with technical assistance so that Licensee may use the Extract, including Experian's modifications thereof, as provided herein. Licensee acknowledges that the Extract may be subject to the rights of third parties to regulate the availability of certain information to Licensee, and agrees that nothing in this Agreement shall obligate Experian to provide information in contravention of such regulation. In the event that, due to a change in applicable law, Experian believes its right to provide certain types of information to Licensee has been adversely affected, or Experian

anticipates that such a change will occur, Experian may terminate this Agreement and the license set forth herein as it applies to such information by giving at least fifteen (15) days written notice thereof to Licensee. If such partial termination substantially adversely affects the ability of Licensee to service its customers, Licensee may terminate this Agreement by giving Experian at least fifteen (15) days written notice.

7. Televerification and Data Services.

-----  
a) Licensee will either directly, or through a third party vendor, conduct televerification of the data in the Extract. Licensee will provide to Experian the data elements, as are listed on Exhibit A, Item No. 2, which are televerified. Licensee will provide to Experian televerified data for a minimum of 100,000 businesses per year that either appear on the Experian Database or

are derived from other sources which may be provided to Experian for inclusion in the Database. Experian will update, append and otherwise incorporate all televerified data into the Experian Database.

b) Licensee, or the vendor used by Licensee for the televerification activities, must meet Experian's data quality guidelines for televerification services. The guidelines are attached as Exhibit B hereto and will be provided to the vendor.

c) Licensee shall deliver to Experian the televerified data in a format and electronic medium, such as CD-ROMs, diskettes or magnetic tapes, to be agreed upon by the parties. Licensee will provide televerified records to Experian on a schedule as agreed upon by the parties but no less than quarterly.

d) Experian will request its televerification vendors to offer to provide Licensee the televerification services required under this Agreement at the same price that Experian is charged for equivalent televerification services.

e) Data provided to Experian by Licensee shall be jointly and or severly owned by each party.

8. Mutual Warranty and Limitation of Liability.  
-----

a) EXPERIAN MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE EXTRACT INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES THAT THE EXTRACT, IS CURRENT, ACCURATE, COMPLETE, OR FREE OF ERRORS. The verified, provided or enhanced data provided by Licensee shall be as accurate as possible in light of industry standards for the collection of such data. Licensee warrants that it has the full legal right to provide the data to Experian for Experian's use under the terms of this Agreement.

b) UNDER NO CIRCUMSTANCES WILL EXPERIAN, LICENSEE OR THEIR LICENSORS OR SUPPLIERS BE LIABLE FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOST PROFITS, LOST DATA, OR LOST BUSINESS, EVEN IF SUCH PARTY WAS AWARE OF THE POSSIBILITY THEREOF.

c) Experian's and Licensee's sole remedy for any claim under this Agreement, regardless of the cause or form of action, and Experian's and Licensee's (and its licensors and suppliers) maximum liability under this Agreement for such claim, shall be, at the liable party's sole option, the liable party's s provision of data equivalent to the data which is the subject of the claim or recipients direct damages up to, but not in excess of, the total amount of the market value for the use of the Extract, verified, provided or enhanced data for the transaction on which the claim is based.

9. Mutual indemnity. Both parties agree to indemnify and hold each other  
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harmless from and against any and all liabilities, damages, losses, claims, costs, and expenses (including attorney's fees) arising out of or resulting from the other party's or any end user's use of the, verified, provided or enhanced data provided by Licensee, Experian Extract or any data from the Extract including, without limitation, (i) failure to observe any use restriction set forth herein; (ii) any claim alleging that either party or any end user violated the legal rights of another person; (iii) any claim by a third party alleging that either party failed to perform the services properly; or (iv) any misrepresentation or breach of warranty by either party or either party's nonperformance of any obligations imposed on it by this Agreement.

10. Ownership of Extract. Licensee acknowledges that it has no right or  
-----

interest in the Extract except as expressly provided by this Agreement, that its rights to use the Extract are limited to those expressly provided in this Agreement, and that title to the Extract and other materials furnished to Licensee by Experian in connection with this Agreement is vested exclusively in Experian. Licensee shall not take any actions adverse to Experian's ownership rights in the Extract.

11. Confidentiality. The parties acknowledge that it will be necessary to  
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provide access to confidential and/or proprietary information ("Proprietary Information") to each other in connection with this Agreement. Proprietary Information shall be clearly identified or labeled as such by the disclosing party at the time of disclosure. Each party shall protect the confidentiality of the Proprietary Information of the other party in the same manner as it protects its own proprietary information of like kind. The parties shall return all Proprietary Information of the other upon the earlier of a request by the disclosing party or upon termination of this Agreement. Neither party shall reproduce, disclose or use the Proprietary Information of the other without written authorization of the other except in performing its obligations under this Agreement or as required by law. The terms and conditions of this Agreement shall be considered Proprietary Information and shall not be disclosed by either party to any third party. The limitations on reproduction, disclosure, or use of Proprietary Information shall not apply to Proprietary Information which (a) was developed independently by the party receiving it; (b) was lawfully received from other sources without an obligation of confidence; (c) is published or otherwise disclosed to others by the disclosing party without restriction, or otherwise comes within the public knowledge or becomes generally known to the public without breach of this Agreement.

12. Termination.  
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a. This Agreement and the license granted hereunder may be terminated by either party (the "non-breaching party") upon written notice of termination in the event that the other party (the "breaching party") materially fails to perform or observe any material term or provision of this Agreement, and does not cure such breach in all material respects within thirty (30) days following written notice from the non-breaching party demanding the correction of such breach (which notice shall describe such breach in sufficient detail to permit the breaching party to correct such breach); provided, however, that in the event of a payment default, the thirty (30) day period referenced in this paragraph 12(a) shall be reduced to five (5) days. It shall be considered a material breach of this Agreement if the televerified data provided by Licensee to Experian fails to meet Experian's data quality guidelines.

b. Either party may terminate this Agreement by providing thirty (30) days written notice to the other party in the event that the other party makes a general assignment for the benefit of creditors, or files voluntary petition in bankruptcy or files for reorganization or rearrangement under the bankruptcy laws, or if a petition in bankruptcy is filed against such other party and days after the filing, or if a receiver of trustee is appointed for all or any substantial part of property or assets of such other party.

c. Either party may, on thirty (30) days prior written notice to the other party, terminate this Agreement in the event the licensed data in the Extract becomes significantly

restricted in its use, by operation of law or by contract, such that it cannot lawfully be provided to or used by Licensee.

13 Post-termination Obligations. Upon the termination of this Agreement for  
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any reason, Licensee's license to use the Extract shall terminate and Licensee shall immediately cease all use of the Extract. Licensee shall within thirty (30) days of the date of termination destroy or return to Experian all copies of the Extract in its possession or control, and shall provide to Experian a certification signed by an officer of Licensee evidencing such return or destruction. The provisions of paragraphs 9, 10, 11, 13 and 14(a) shall survive any termination or expiration of this Agreement.

14. Miscellaneous.  
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a. Audit. During the Term and for one year after the termination of  
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this Agreement, Licensee shall, upon request, provide to Experian or an auditor designated by Experian access to Licensee's records reasonably pertaining to Licensee's compliance with the terms of this Agreement.

b. Publicity. Licensee will not release information concerning this Agreement without the consent of Experian. Nothing herein, however, shall limit Licensee from making disclosures required by law or regulation.

c. Relationship of the Parties. The parties acknowledge that the relationship between Experian and Licensee shall be construed solely as that of independent contractors. The parties further acknowledge that any and all rights not expressly granted pursuant to this Agreement are reserved to the respective party originally holding such rights and that neither party shall have any right, power or authority to in any way obligate the Other to any contract, term or condition not set forth herein.

d. Notices. All notices and other communication required or permitted to be given under this Agreement shall be in writing and shall be effective (a) when delivered personally; (b) when transmitted by electronic facsimile device or electronic mail; (c) upon receipt of such notice by Federal Express or other overnight delivery services; or (d) upon deposit in the U.S. Mail, certified or registered mail, postage prepaid and return receipt requested, addressed to the other party at its address set forth below, unless by notice a different address shall have been designated for giving notice hereunder.

For Licensee:

Licensee: YP.Net / Simple.Net Group  
-----  
Address: 4840 E. Jasmine #110  
-----  
City Mesa  
-----  
State/Zip Code AZ, 85205  
Attn: Greg Crane - Director  
-----

And to

Licensee: Law offices of Lewis & Rocca, LLP  
-----  
Address: 40 N. Central Ave.  
-----  
City Phoenix  
-----  
State/Zip Code AZ, 85004  
Attn: Randy Papetti  
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For Experian:  
Experian  
Business Marketing Solutions group  
600 City Parkway West, 10th Floor  
Orange, CA 92868

Attn: Mike Green

and to

Experian Information Solutions, Inc  
475 Anton Boulevard  
-----  
Costa Mesa, CA. 92626  
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Attn: General Counsel

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e. Excusable Delays. Neither party shall be liable for any delay or

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failure in its performance of any of the acts required by this Agreement when such delay or failure arises due to causes beyond the reasonable control of such party. Such causes may include, without limitation, acts of God or public enemies, labor disputes, material or component shortages, supplier failures, embargoes, rationing, acts of local, state or national governments or public agencies, utility or communication failures or delays, fire, flood, epidemics, riots, and strikes. The time for performance of any act delayed by such causes shall be postponed for a period equal to the delay; provided, however, that the party so affected shall give prompt notice to the other party of such delay. The party so affected, however, shall use its best effort to promptly avoid or remove such causes of non performance and to complete performance of the act delayed, whenever such causes are removed.

f. Assignment. This Agreement shall be binding upon and inure to the

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benefit of the parties hereto and their successors. Licensee may assign any of its rights or obligations under this Agreement without the prior written consent of Experian. Notwithstanding the foregoing, however, Licensee may assign its interest and property right in this Agreement, in whole or in part, to a successor of substantially all of its business or of any particular product line for which this Agreement has been entered into by Licensee, and such succession shall include but not be limited to acquisition, merger, change of corporate name or change in the makeup, organization or identity of Licensee so long as such successor agrees to abide by the terms and conditions of this Agreement.

g. Amendment. No statement or writing subsequent to the date of this

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contract purporting to modify, change or add to the terms and conditions here will be binding unless consented to in writing by duly authorized representatives of Experian and Licensee in a document making specific references to this Agreement.

h. Severability. If any provision of this Agreement is determined to be

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invalid or unenforceable, the remaining portions hereof shall not be affected thereby and shall be binding upon the parties hereto and shall be enforceable as though said invalid or unenforceable provision were not contained herein,

i. Headings. The headings in this Agreement are intended solely for

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convenience of reference and shall be given no effect in the interpretation or construction of this Agreement.

j. Applicable Law. This Agreement shall be governed in all respects by the

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law of the State of California without giving effect to principles of conflicts of law.

k. Binding Arbitration. If the parties are unable to resolve a dispute

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arising out of or relating to this Agreement or the parties' respective rights and duties hereunder, then the parties will resolve such dispute in a binding arbitration conducted under the auspices of the American Arbitration Association in Orange County, California.

l. Attorney's Fees. The prevailing party in any legal action brought by

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one party against the other arising out of the breach or alleged breach of this Agreement shall be entitled, in addition to any other rights or remedies it may have, to reimbursement for its expenses, including court

costs and reasonable attorney's fees,

m. Contract in Entirety. This Agreement sets forth the entire agreement and

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understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any kind and every nature between them.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

EXPERIAN INFORMATION SOLUTIONS, INC.  
BY ITS BUSINESS  
MARKETING SOLUTIONS GROUP

YP.Net, Inc.,  
Simple-Net Group

By: /s/ Roger H. Lisabeth

By: /s/ Dan Couryor

Name: Roger H. Lisabeth

Name: Dan Couryor

Title: V.P. and G.M.

Title: Director

Date: 02/05/03

Date: 1-30-03

EXHIBIT A  
TO  
DATABASE EXTRACT LICENSE AGREEMENT

Between Experian and YP.Net, Inc.

Dated: February 01, 2003

ITEM NO. 1: DATA ELEMENTS OF EXTRACT

Experian agrees to license to Licensee the following data elements of the Extract on the terms and conditions set forth in the Agreement.

-----  
Company Name

Contact Name and Title

Company Address (including City, State)

Company Phone Number

Company Zip Code

Company SIC Code

SIC Definitions

Geography codes (where available)  
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ITEM NO. 2: YP.NET, INC. TELEVERIFIED DATA ELEMENTS

Data elements to be provided to Experian when they are obtained through the televerification of data in the Database or from other sources  
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Business Name

Address (City, State, Zip Code)

Contact Name and Title

Telephone Number

EXHIBIT B  
TO  
DATABASE EXTRACT LICENSE AGREEMENT  
BETWEEN EXPERIAN AND YP.NET, INC.

DATED: FEBRUARY 01, 2003

EXPERIAN QUALITY STANDARDS

Experian prefers to explicit and proactive in defining how we expect data to look and perform. Adhering to the following quality guidelines will ensure that every record being sent to Experian already meets our strict quality standards thus virtually eliminating any errors and the subsequent need to reject said records back to the vendor.

Compliance with the rules and definitions set forth here will warrant that the data being sent to Experian performs as anticipated when loaded to our database. Compliance with these data rules and definitions will also help to ensure timely and accurate payment to the vendors for all their hard work in building the world's premiere business database.

BUSINESS NAME

Business Name: Alpha, Two (2) Characters or more

ADDRESS

1. Street: Must be a minimum of four characters including spaces. Any character that is not a letter or a number is not acceptable (i.e. no symbols).
  - a. The street address must also contain pre-directional, post-directional and suite number if appropriate.
2. City: Must be populated and contain only alpha characters
3. State: Standard U.S. State Abbreviations
4. Zip: Zip 5
5. Minimum acceptable Address criteria consists of either of the following:
  - a. Street, City, State and Zip
  - b. Street, City, State
  - c. Street, City and StateOR
  - d. Street and Zip

PHONE Number

1. The telephone number shall be for business addresses located within the United States only.
2. The telephone number shall consist of a three (3) digit Area Code, a three (3) digit prefix and a four (4) digit suffix.
3. An Area Code must be present in order for the Primary Phone Number to be valid. Any Area Code not currently in service shall not be considered a valid Area Code for the purposes of our data.

PRIMARY PRINCIPAL (CONTACT NAME)

If the acceptable criteria are not met for the Primary Principal name(s), then no information is to be submitted.

Primary Principal Name Acceptable Criteria

(Minimum of Honorific and Full Last Name or First Initial and Full Last Name)

<TABLE>

<CAPTION>

<S>	<C>
1. First Name, Last Name and Title	John Smith, President
2. First Initial, Last Name and Title	J Smith, President
3. First Initial, Middle Initial, Last Name and Title	J A Smith, President
4. Honorific, First Name, Last Name and Title President	Mr John Smith,
5. Honorific, First Name, Middle Initial, Last Name and Title President	Mr John A Smith,
6. Honorific, First Initial, Last Name and Title	Mr J Smith, President
7. Honorific, First Initial, Middle Initial, Last Name and Title	Mr J A Smith, President
8. Honorific, Last Name and Title President	Mr Smith,
9. Honorific, First Name and Last Name	Mr John Smith
10. Honorific, First Initial and Last Name	Mr J Smith
11. Honorific, First Initial, Middle initial and Last Name	Mr J A Smith
12. First Name and Last Name	John Smith
13. First Initial and Last Name	J Smith
14. First Initial, Middle Initial and Last Name	J A Smith

</TABLE>

Unacceptable Combinations for Primary Principal Name

<TABLE>

<CAPTION>

<S>	<C>
1. First Name and Title	John, President
2. Last Name and Title	Smith, President
3. First Name, Last Initial and Title	John S, President
4. First Name, Middle Initial, Last Initial and Title	John A S, President
5. First Initial, Middle Initial and Title	J A, President
6. First Initial and Middle Initial	JA
7. Middle Initial and Last Name	A Smith
8. First Name and Last Initial	John S
9. First Name	John
10. Middle Initial	A
11. Last Name	Smith

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AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE, made and entered into this 7th day of January 2003 by and between The Estate of Arthur G. Grandlich, d.b.a. McKellips Corporate Square, Betsy A. Grandlich Co-Personal Representative, Bank One Trust Company, Co-Personal Representative, hereinafter referred to as "Lessor", and YP.Net Inc., a Nevada Corporation (formerly known as Renaissance International Group, a Nevada Corporation), hereinafter referred to as "Lessee".

WITNESSETH:

WHEREAS, Lessor leased certain premises in the McKellips Corporate Square building, 4840 East Jasmine Street in the City of Mesa, County of Maricopa, State of Arizona, to Lessee, pursuant to that certain lease dated the 1st day of June, 1998; said Lease and amendment(s) thereto hereinafter collectively referred to as the "Lease", the premises being more particularly described therein; and

WHEREAS, Lessor and Lessee therefore wish to extend said Lease;

NOW THEREFORE, in consideration of these present and the agreement of each other, Lessor and Lessee agree that the said Lease shall be and is hereby amended as of the 7th day of January 2003:

- 1. The term of the Lease and Landlord's consent shall be extended 36 months with an amended expiration date of the 30th day of June 2006.
2. Base Rent for the Leased Premises shall be payable in monthly installments of; July 2003 thru June 2006 @ \$9,727.76 + CAM + Rental Tax / Month
3. All other terms and conditions of the Lease dated the 1st day of June 1998 shall remain the same and are confirmed and approved.

IN WITNESS WHEREOF, the Parties hereto have executed this instrument by proper persons thereunto duly authorized.

LESSOR: The Estate of Arthur G. Grandlich d.b.a. McKellips Corporate Square 201 W. Apache Trail Apache Junction, Arizona 85220

LESSEE: YP.Net Inc., a Nevada Corporation 4840 E. Jasmine Street, Suite 105 Mesa, Arizona 85205

BY: /s/ Betsy A. Grandlich Betsy A. Grandlich Co-Personal Representative

BY: [not readable]

Date: 1-14-03

Date: 1/13/03

Bank One Trust Company

BY:

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Co-Personal Representative

Date: 1-15-03

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stockholders to acquire 2,666,920 Common Stock at a price of \$2.00 per share and 750,000 Common Stock at a price of \$2.30 per share. The warrants expire on October 30, 1999. RIGL granted certain of its executive officers and other individuals to purchase shares of RIGL's Common Stock. At September 30, 1998, options to purchase 1,125,474 shares of Common Stock were outstanding.

2. There is currently 2.5million shares of Class B Series Preferred Stock authorized and 2.1 million shares issued.

AMENDMENT TO THE STOCK PURCHASE AGREEMENT.

The amendment to Stock Purchase Agreement ("Amendment") is made and entered into on the 16th day of March, 1999, by and among RIGL Corporation, a Nevada corporation ("RIGL"), Telco Billing, Inc. a Nevada corporation ("TBI") Morris & Miller, Ltd and Mathew & Markson, Ltd. (collectively "Shareholders").

RECITALS

A. On or about march 16, 1999, a certain Stock Purchase Agreement (Agreement") was executed by the parties above named, which said Agreement is still in full force and effect as TBI and the Shareholders have elected not to declare a default, but the parties hereto acknowledge that RIGL is in substantial and material default pursuant to the terms and conditions of said Agreement in that RIGL has not complied with the provisions of paragraph 1.3.1 of said Agreement.

B. RIGL has requested that the time for performance pursuant to paragraph 1.3.1 of said agreement shall be extended in the manner hereinafter set forth.

C. TBI and the shareholders have agreed to extend the time for performance under paragraphs 1.3.1 of said Agreement subject to and in conformance with the provisions of this Amendment, and not otherwise, but only upon the condition that RIGL shall pay to Mathew & Markson, one of the Shareholders, an "Extension Fee" in the sum of \$2,000,000 as hereinafter provided, none of which shall be refundable.

D. Except for the revisions, amendments and additions effected by this Amendment, the said Agreement shall be deemed to be in full force and effect according to its terms, as amended.

Now therefore in consideration of the mutual promises of parties' and other valuable consideration, it is agreed as follows:

1. Recitals. Each and all of the Recitals is hereby represented by the parties hereto to be true and accurate as of the date hereof, and said Recitals are hereby incorporated fully into this Amendment.

2. Extension Fee. RIGL is hereby granted an extension of time, up to but not past 5:00 p.m. on the 16th day of July, 1999, ("Extension Date") in which to pay the Royalty Balance of \$5,000,000.00 provided for in said Agreement subject to the following:

a) Concurrently with the execution of this Agreement, RIGL shall pay to Mathew & Markson in cash, cashier's check drawn on a Phoenix, Arizona bank, or by wire transfer to Mathew & Markson pursuant to wiring instructions, the sum of one million dollars (\$1,000,000.00) as and for an Extension Fee which extends to RIGL the right to defer payment of the Royalty Balance as provided for herein;

b) The receipt of payment of the Extension Fee by Mathew & Markson shall be deemed to cure RIGL's default of paragraph 1.3.1 of the Agreement, and shall extend the time for RIGL to pay the Royalty Balance of \$5,000,000 prior to the expiration of the Extension Date.



C) Upon the receipt of the Extension Fee by Mathew & Markson, the parties agree that paragraph 1.3.1 of the Agreement is hereby deleted in full, and in lieu thereof, the following paragraphs 1.3.1 through and including 1.3.8 shall be substituted for paragraph 1.3.1 of said Agreement:

1.3.1. On or before 5:00 p.m. on June 16, 1999, RIGL shall have the option to pay directly to Mathew & Markson at such address as Mathew & Markson shall designate in writing, in cash, cashier's check drawn on a Phoenix, Arizona bank, or by wire transfer pursuant to written instructions, the remaining \$3,000,000.00 of the Royalty Balance;

1.3.2. In Lieu of the payment provided for in paragraph 1.3.1, on or before 5:00 p.m. on June 16, 1999, RIGL shall have the option of paying to Mathew & Markson the sum of \$3,000,000.00 inclusive of the Extension Fee, along with a Promissory Note (the "Note") in favor of Mathew & Markson in the original principal amount of \$2,000,000.00, with all outstanding principal due and payable no later than 5:00 p.m. on July 15, 1999. The note shall be in a form satisfactory to Mathew & Markson, and shall be secured by 2,000,000 shares of the restricted common shares of RIGL Corporation. The terms of such security arrangement shall be set forth in a Stock Pledge Agreement on terms and conditions acceptable to Mathew & Markson. The share certificate representing the 2,000,000 shares shall be validly issued, fully paid and non-accessible and shall be accompanied by opinion of counsel for RIGL as to its authenticity and shall be held in escrow by counsel for Mathew & Markson until such time as the Note is fully satisfied or a default occurs under the terms of the Note and or the Stock Pledge;

1.3.3. Upon the payment of either the entire \$5,000,000.00 Royalty Balance described in paragraph 1.3.1, or that \$3,000,000 portion of the Royalty Balance and delivery of the Note, Stock Pledge and Shares, TBI and Shareholders shall close the transaction contemplated under the Agreement in accordance with paragraph 1.6 therein;

1.3.4. In the event that RIGL shall fail or refuse to perform completely in accordance with the separate provisions of paragraphs 1.3.1 or 1.3.2 of this Amendment, then none of the Extension Fee shall be credited toward the Royalty Balance, and RIGL shall be deemed to have substantially and materially breached the said agreement as herein amended, and the Extension Fee shall be deemed to have been earned by TBI and the Shareholders;

1.3.5. In the event that RIGL shall fully perform pursuant to paragraph 1.3.1, or in the alternative pursuant to paragraph 1.3.2, then and in either of such events the Extension Fee shall be credited toward the payment of the Royalty Balance of \$5,000,000.00.

1.3.6. All references to time herein shall be determined to refer to Phoenix local time;

1.3.7. It is the intension of the parties hereto that the Extension Fee shall at no time be repaid to RIGL, but that said Extension Fee shall either be retained by Mathew & Markson on behalf of TBI and the Shareholders as payment for the Extension Fee, or, the Extension Fee shall be applied toward payment of the Royalty Balance and retained by Mathew & Markson for that reason;

1.3.8. No Part of the Extension Fee paid by RIGL shall be derived from the sale or hypothecation of any of the real, personal or intangible property of TBI and/or its affiliates, it being the intent of the parties that only funds at risk by RIGL and/or its affiliates will be used to pay the Extension Fee.

3. Build out allowance. In the event RIGL elects to move forward under paragraph 1.3.2, as additional consideration, RIGL agrees to provide Simple.Net a build-out allowance of \$250,000.00 to be used as Simple.Net deems reasonable to build out, furnish and equip office space to be utilized by Simple.Net located at 4840 E. Jasmine Street, Suite 111, Mesa, Arizona 85205. This space is currently leased by RIGL pursuant to a lease dated July 1, 1998. The initial terms of the Lease expires on June 30, 2003. Simple.Net shall have the right to sublease such space from RIGL for the sum of \$1.00 per year for the remainder of the initial term, and RIGL warrants to comply with the terms of the July 1, 1996 Lease and pay all rent in a timely manner.

4. Right of Offer. In the event RIGL elects to Move forward under, and complies with the terms of paragraph 1.3.2, RIGL shall have the right to receive notification from the principals of Simple.Net of their intention to sell Simple.Net before Simple.Net is advertised for sale on the general market. If Simple.Net receive and offer(s) to sel, RIGL shall receive notification of such offer(s) and shall have the right to compete against such offer(s) for the right to purchase Simple.Net upon such terms mutually acceptable to the principals of Simple.Net and RIGL. Simple.Net shall have no obligation to accept any such offer from RIGL.

This Amendment has been executed on the day and year first above written.

RIGL

RIGL CORPORATION, a Nevada corporation

By: \_\_\_\_\_/S/\_\_\_\_\_  
WILLIAM O'NEAL  
Its: Sr. Vice President

TBI

TELCO BILLING, INC., an Arizona corporation

By: \_\_\_\_\_/S/\_\_\_\_\_  
JOSEPH CARLSON  
Its: President

SHAREHOLDERS:

Morris & Miller, Ltd.

By: \_\_\_\_\_/S/\_\_\_\_\_  
CATHERINE THOMAS  
Its: Director

Mathew & Markson, Ltd.

By: \_\_\_\_\_/S/\_\_\_\_\_  
ILSE COOPER  
Its: Director

EXHIBIT C

LICENSE AGREEMENT

\_\_\_\_\_

This EXCLUSIVE LICENSING AGREEMENT ("License") is entered into on this 21st

2nd AMENDMENT  
TO  
STOCK PURCHASE AGREEMENT ("AGREEMENT")  
DATED  
MARCH 16, 1999  
BY AND AMONG

RIGL CORPORATION, A NEVADA CORPORATION (NOW NAMED YP.NET, INC.)  
("RIGL"), TELCO BILLING, INC., A NEVADA CORPORATION ("TBI"),  
MORRIS & MILLER, LTD. AND MATHEW AND MARKSON, LTD., BOTH  
ANTIGUA CORPORATIONS (COLLECTIVELY "SHAREHOLDERS")

This Amendment effective September 12th, 2000 amends paragraph 1.4 of said Agreement. YP.Net, Inc. ("YP") and Shareholders hereby agree to modify the Agreement by deleting the entirety of paragraph 1.4 of the Agreement. All other revisions, amendments and agreements shall be deemed to be in full force and effect. This deletion irrevocably rescinds and revokes Shareholders' option and ability to "Put" shares of YP common stock to YP and substitutes therefore the following language in a new paragraph 1.4 as follows:

1.4 Shareholders' Option. Under this Agreement YP grants to each Shareholder, a

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Ten Million U.S. Dollar (\$10,000,000) revolving line of credit ("Revolver") fully secured by the shares of YP common stock owned by Shareholders equal to the amount being borrowed. The value of the stock per share being pledged as security shall be valued at eighty percent (80%) of the last trade prior to the time of the loan request or a value of one dollar (\$1) per share whichever is higher. The Revolver may be terminated at any time by the Shareholder and converted into ten (10) year loan at the same interest rate as that of the Revolver and then no further advances shall be eligible. The interest rate on the Revolver, and/or possible subsequent term loan shall be 25 basis points (.25%) above YP's average borrowing rate from institutional lenders as determined by YP's Chief Financial Officer, but in no case lower than eight percent (8%) and shall be set for each advance at the time of the advance request, if made. In addition, the average borrowing rate shall be the average of the rate charged by the aggregate of YP's institutional lenders for the prior 30 day period: (i) no single advance shall exceed One Million U.S. Dollars (\$1,000,000"); (ii) no advances of any amount shall be made unless after such advance, there remains available to YP an amount equal to thirty (30) days' operating capital. Operating capital is defined as the cash needed to maintain the business. More clearly defined as those expenses needed to pay for the general operating expenses of the company exclusive of depreciation, taxes, amortization, marketing, expenses or acquisition expenses. More clearly defined as the expenses needed to maintain the business. The calculation of the amount of capital available to pay those expenses would include the parent as well as all subsidiaries and affiliates; cash on hand, cash in reserve, marketable securities, short term notes and certificates of deposit, treasury notes, mutual funds, availability on any credit lines plus any cash reasonable expected during the 30 day period from the loan advance forward. This line shall not expire.

Interest charged shall be paid by the Shareholders quarterly in arrears. However, the shareholders shall have the option of obtaining from YP a mandatory advance for the purpose of paying the interest so long as there is availability on this line or by paying the interest

1

with collateral stock whose value is defined herein above, or by tendering payment in cash or cash equivalent. YP shall prepare and provide a statement to the shareholders quarterly. The shareholders shall have 30 days from receipt of the statement to advise YP how they would like to pay the interest. In the event that no advice has been received by YP then YP shall advance the funds against this line to pay the interest in a timely manner.

YP grants and conveys to Shareholders the right to transfer and assign any, part and all Shareholder rights under the Agreement or this Amendment to any of Shareholders' successors and assigns without the consent of YP. Any such transfer and assignment shall, however be subject to all of the terms

and conditions contained in the Agreement and this Amendment.

The above constitutes the entirety of the Amendment.

The parties to the Agreement and to this Amendment agree and consent to this Amendment and signify such by signing in the spaces provided below.

AGREED & ACCEPTED

YP.Net, Inc.

Morris & Miller, Ltd.

By: /s/ Angelo Tullo

By:

-----  
Angelo Tullo,  
Chairman

-----  
Ilse Cooper,  
AMT Director

Mathew and Markson, Ltd.

By:

-----  
Ilse Cooper,  
AMT Director

EXECUTIVE CONSULTING AGREEMENT  
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This Agreement made effective as of, September 20th, 2002, by and between YP.Net, Inc. of 4840 East Jasmine Street, suite 105, Mesa, Arizona 85205 ("YPNT"), as the party to receive services and Sunbelt Financial Concepts, Inc. of 7579 E. Main Street suite 200 Scottsdale, Arizona 85251 ("Company") as the party who shall be providing the services.

WHEREAS Company has a background in Business Management and Administration and is willing to provide services to YPNT and YPNT desires to have the services provided by Company and;

WHEREAS Company has provided different levels of service to YPNT since February 2000 including that of Chief Executive Officer, Chairman and President and that YPNT has survived and prospered during difficult times under the stewardship of Company. YPNT separately acknowledges those accomplishments, and;

WHEREAS YPNT faces additional challenges caused in part by activities of the former Chief Financial Officer. Such as; The Business Software Alliance, failure to file tax returns when due, EEOC complaints as well as the need to continue YPNT's profitable successes and the need to alert the Investment Community to these successes it is now apparent between the parties that YPNT needs to secure the services of Company for a longer term In whatever capacity or titles the Company is willing to provide those services;

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

1. Description of Services. Company will continue to make available its ----- current services as well as the new ones listed below;
  - a. The services of a Chief Executive Officer ("CEO"), Chairman and President initially in the person of Angelo Tullo.
  - b. The services of an administrative person to assist the person in number 1a above. Initially that person would hold the title of Executive Assistant to the Chairman and Administrative Vice President.

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

- c. The services of at least 1 part time administrative person, or "Gal/Guy Friday" to assist in all areas of YPNT's business as directed by the Company.
- d. In the event that YPNT determines that another individual should serve in one or more of those positions it is fully a liberty to do so at its own cost. It is clearly understood that the services the Company provides herein are valuable to YPNT no matter the titles the employees of Company are asked to take while providing the services to YPNT. In the case where another is named to any of the titles herein above that Company would continue to provide consulting services on an as needed basis in order to fulfill its obligations hereunder.
- e. The employees herein shall be employees of Company and not of YPNT but shall be able to hold themselves out as Employees of YPNT by the use of their respective titles, and in the course of their duties

with respect to the signing of contracts, etc.

- f. The Company duties shall be to monitor and manage the affairs and employees of YPNT such that YPNT maximizes profits and growth and enhances shareholder value by alerting the Investment Community to the successes of YPNT should there continue to be successes.
- g. This is not an employment contract of Angelo Tullo or any other employee of Company and the money paid under this contract is payable to Company and is earned by the Company not by Tullo or any of the other employees of Company, who merely work for the Company.
- h. Maintain all of the minute books and legal records in a fiduciary capacity for YPNT.
- i. Interact with shareholders, lenders, board members, the investment community at large.
- j. Such other tasks as the Board of YPNT may reasonably require of Company or its employees.

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

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

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

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Services under this contract according to the following schedule;

- a. Monthly fees of \$32,000.00 per month in year one with a 10% increase in each succeeding year, This fee shall be payable monthly, no later than the first day of each month preceding the period during which the Services are to be performed. Services are deemed earned at the moment they are due. Company will not be required to send an invoice for services.

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- b. Company shall also be paid for attending Board Meetings with at least one individual. Company shall be paid \$2000.00 per day for each board meeting or \$2,000.00 per quarter whichever is greater, no matter how many of Company's employees attend. This amount shall be raised if a majority of board members whether inside or outside board members receive a larger amount. Company shall not be paid for Board committee work.
- c. Company shall also be provided with a 3 Cell Phone allowance for its employees performing services for YPNT.
- d. Company can allocate this monthly payment in any manner it instructs YPNT to pay it and to whomever it so designates. It may be used to pay for automobiles in YPNT's name, medical expenses or insurance, mobile phone, etc. so long as the aggregate does not exceed the amounts above.
- e. Employee(s) of Company shall be offered participation in any stock option plan approved by the Board of Directors of YPNT that are offered to other executives and employees, whether key or not during the term of this agreement. Any options and or stock obtained pursuant to this plan shall also be held as collateral under the terms of the line of credit above.

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

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YPNT for all "out of pocket" expenses. Examples of some but not all of the reimbursable expenses are; gasoline, travel, hotels, insurance, flight insurance, meals, entertainment for business. In addition, Company and its employees providing services to YPNT may be provided with credit or debit cards so that they pay for expenses incurred while performing services for

YPNT as they occur. Company shall be authorized to approve any and all expenses on YPNT's card without liability to the Company. If Company or employee or principal of Company is the primary signer for the Credit Card provided to Company or anyone else for the benefit of YPNT than Company shall hereby be indemnified for any and all expenses incurred on said card or cards by YPNT or other employees of YPNT who may also be allowed to use the card(s).

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

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with the Shareholders of YPNT and to reward the Company for its superior past performance on behalf of YPNT's shareholders the Board of Directors of YPNT deems it prudent to award 4 million shares of its Common stock to Company. That Stock is currently valued (as traded on the OTC Electronic Bulletin Board on Friday June 21st, 2002) at 6 cents per share. According to Generally Accepted Accounting Principles and as required by the SEC this compensation would be accounted for at 90% of that value or at the current amount required under the rules. YPNT further acknowledges that it will pay any Federal or State Incomes taxes that the Company may have to pay on this stock award as they may come due to the Company. This stock shall be so encumbered as part of the flex compensation below and as part of the customer acquisition requirement. If YPNT's customer count does not exceed 177,000 customers within 12 months from October 1, 2002 than the stock is forfeit in prorata share based on the customer count actually obtained. The base amount for calculations is 100,000 customers, so the

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company would have to achieve an increase of 77,000 additional customers during the period. For example; if there were 160,000 customers this could amount to 60,000 additional customers. your would that would be 78% of Goal. So 22% of the stock would be forfeit back to YPNT.

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

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any of its employees may elect to provide personal or corporate guarantees for any indebtedness incurred by YPNT. If they so chose to do so by signing below YPNT hereby indemnifies those Employees of the Company or the Company itself for any loss, claim, or damages suffered by the Company or its employees by way of this guarantee(s).

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

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

8. Bonus for previous year's achievements. By prior order of the Board of

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Directors and as a condition of executing this contract a bonus was awarded to Company for its services in the amount of \$208,000.00. Said bonus is payable on October 1, 2002 and for both parties shall be expensed or indicated as income in the period beginning October 1, 2002. Further YPNT shall bonus to Company any Federal and/or State Income taxes that may be due by the Company for this bonus when Company files it's 2002 income tax forms.

9. Line of Credit. Under the Previous Contract YPNT provided a line of

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Credit to Company in the aggregate amount of \$200,000.00 fully secured against any and all YPNT stock owned by the Company or by Angelo Tullo. In exchange for this new contract the Company agrees to pay off this line of Credit within 45 days of the signing of this agreement.

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

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income, which shall be called "Flex-Compensation". The maximum amount that can be immediately drawn upon shall be \$220,000.00 (as a base in each fiscal year), except as modified below. However that base shall increase by 10% on each 12-month anniversary thereafter during the term of this contract.

This Flex Compensation is a part and parcel of the Compensation to be paid to the Company by YPNT. However as part of the mutual accommodations between the parties Company agrees not to take all of

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the Compensation at one time but that in any event the Company is the final arbiter of when and if YPNT is capable of paying the bonus at that time, except that at all times YPNT shall have sufficient cash on hand or anticipated to cover its next 30 days of operating expenses exclusive of marketing expenses.

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

YPNT is making this Flex Compensation available to the Company as a way to induce the Company to continue to perform services for the entire term of the contract. To insure that the Company does not take the Flex Compensation at the beginning of the term and then resign the Company hereby grants to YPNT a first position lien right on all of the stock granted by the YPNT to either the Company or Angelo Tullo. If the Company takes the Flex Compensation, and resigns it has the choice of either returning the unused flex compensation for that fiscal year and retaining the stock or returning the stock to the company. The Company and Tullo would not be allowed to sell, assign or further transfer this stock without the permission of YPNT, which permission shall not be unreasonable withheld. However, because of the valuable nature of these services YPNT would be obligated to take title of these shares in the event of a valid enforceable lien or judgment against Company that would encumber these shares and by signing below Company warrants that it would not interfere.

By signing below the Company and Tullo agree that the Security Agreement signed last year as part of the Lien of Credit previously offered by YPNT is hereby amended with the provisions on number 8 herein and shall continue as a security agreement for the purposes of this Flex Compensation until amended or changed by the parties, in writing.

11. Support Services. YPNT will provide the following support services for -----

the benefit of Company; office space (2 offices and one cubicle, with the furniture currently inside) and office supplies, 3 telephones, three computers, and personnel to answer one Company telephone number. In the event of termination of this agreement than YPNT will if requested by Company assign the lease for the offices to the Company. Said monthly lease if assigned can-not exceed \$500.00 per month till the end of the term of this agreement. Any amount above \$500.00 per month would still be the responsibility of YPNT. The computer & general office equipment, excluding phones would be turned over to Company by the payment by the Company to YPNT within 45 days of cancellation in the amount of \$3,000.00 in year one, \$2,000.00 in years two through 5.

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12. Termination. This agreement shall continue until September 30, 2007



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

Company may terminate this agreement at anytime by providing YPNT with a 30-day termination notice, with no penalty to either party.

In the Event of a termination by YPNT for malfeasance, theft or embezzlement in regards to YPNT and while Company is providing services to YPNT and where such malfeasance, theft or embezzlement is proven in a competent court of law to have directly damaged YPNT than all Stock of YPNT received by the Company, then in Company's possession or control shall be surrendered to YPNT.

In the Event of a termination by YPNT for any reason other those listed above than Company shall be entitled to a termination fee equal to the 30 % of the balance of the contract but in any case not less than 12 months fees plus the release of the stock collateral given in number 8 above regarding the flex compensation.

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

YPNT as defined by the United States Securities and Exchange Commission or the Internal Revenue Services of the United States of YPNT of the entire company now know as YPNT, Telco Billing or the majority of YPNT's assets are sold, (excluding a factoring arrangement which is defined herein as a financing agreement) than 30% of the balance of this contract or 12 months worth of fees, whichever is greater becomes immediately due and payable by YPNT to Company, at the Company's option. Further that all debts by Company to YPNT would be forgiven and any liability by YPNT to Company for any tax payments due Company for previous grants hereunder are also due.

14. Relationship of the Parties. It is understood that Company is an -----

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

15. Employees. Company's employees, who perform services for YPNT under this -----

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

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16. Injuries. Company acknowledges Company's obligation to obtain appropriate -----

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

17. Return of Records. Upon termination of this Agreement, Company shall -----

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

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

19. Default. In the event of a Default by YPNT for non-payment or and other  
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breach of this agreement than YPNT shall pay a Default fee of \$50.00 per day for each day until cured. If after 15 days from receipt by written notice of default YPNT has still not cured its default the entire balance of the contract shall become due and payable including any termination penalties. Company shall have the right to sue YPNT for damages and to recover all attorneys' fees.

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

It is expressly understood that in the event of a death, disability or by some other reason that Angelo Tullo or any other individual then currently providing services to YPNT becomes unable or unwilling to provide services it does not void this contract. Company shall have up to four months to replace the person performing those services with some one or multiple personnel whose aggregate talents are equivalent to those of the person or persons unable or unwilling to perform services. Company is the final arbiter of the ability of its personnel to perform the necessary services. In the event that Company is unable or unwilling to replace those services than YPNT can cancel the contract by releasing the lien on collateral and is not entitled to the return of the flex compensation and by paying a 12 month cancellation fee equal to 12 months fees.

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

If to YPNT:

YP. Net, Inc.  
DeVal Johnson  
Secretary  
4840 E. Jasmine Street Suite 105  
Mesa, Arizona 85205

If to Company:

Sunbelt Financial Concepts, Inc.  
Angelo Tullo  
President  
7579 E. Main Street, suite 100  
Scottsdale, Arizona 85251

21. Entire Agreement. This Agreement contains the entire agreement of the  
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parties and there are no other promises or conditions in any other  
agreement whether oral or written. This agreement supersedes any prior  
written or oral agreements between the parties.
22. Confidentiality and non-compete. The employees of Company agree to be  
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bound by the confidentiality and non-compete provisions contained in  
YPNT's Team member handbook as they may be amended from time to time and  
as signed by the employees of Company actually providing services to YPNT.
23. Amendment. This agreement may be modified or amended if the amendment is  
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made in writing and is signed by both parties.
24. Severability. If any provision of this Agreement shall be held to be  
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invalid or unenforceable or any reason, the remaining provisions shall  
continue to be valid and enforceable. If a court finds that any provision  
of this Agreement is invalid or unenforceable but that by limiting such  
provision it would become valid and enforceable, that such provision shall  
be deemed to be written, construed and enforced as so limited.

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25. Waiver of Contractual Right. The failure of either party to enforce any  
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provision of this agreement shall not be construed as a waiver or  
limitation of that party's right to subsequently enforce and compel strict  
compliance with every provision of this Agreement.
26. Applicable Law. The laws of the State of Arizona shall govern this  
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agreement.

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

Party receiving Services:  
YP. Net, Inc.

By: /s/ DeVal Johnson

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DeVal Johnson  
Secretary

Party providing Services:  
Sunbelt Financial Concepts, Inc.

By: /s/ Angelo Tullo

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Angelo Tullo  
President

Executive Consulting Agreement



EXECUTIVE CONSULTING AGREEMENT  
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This Agreement made effective as of, September 20th, 2002, by and between YP.Net, Inc. of 4840 East Jasmine Street, suite 105, Mesa, Arizona 85205 ("YPNT"), as the party to receive services and Advertising Management & Consulting Services, Inc. of 4840 E. Jasmine Street, suite 110, Arizona 85205 ("Company") as the party who shall be providing the services.

WHEREAS Company has a background in Business Management, Business Creation, New Product Development, Local Exchange Carrier Billing (LEC Billing), Marketing and Sales, Print Advertising Design is willing to provide services to YPNT and YPNT desires to have the services provided by Company and;

WHEREAS Company has provided different levels of service to YPNT since June 1999 and its predecessor before the merger Telco Billing since 1997 including that of Manager, Director, Director of Operations, Vice President, Marketing and as part of the Management Team of YPNT, YPNT has survived and prospered during difficult times and YPNT separately acknowledges those accomplishments, and;

WHEREAS YPNT faces additional challenges caused in part by activities of the former Chief Financial Officer. Such as; The Business Software Alliance, failure to file tax returns when due, EEOC complaints as well as the need to continue YPNT's profitable successes and the need to alert the Investment Community to these successes it is now apparent between the parties that YPNT needs to secure the services of Company for a longer term In whatever capacity or titles the Company is willing to provide those services;

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

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1. Description of Services. Company will continue to make available its -----  
current services as well as the new ones listed below;
  - a. The services of a Director ("Secretary"), initially in the person of Gregory Crane
  - b. The services of a Vice President, Marketing ("Vice President"), initially in the person of Gregory Crane
  - c. The services Business and Marketing Development person to assist the person in number 1b above.
  - d. In the event that YPNT determines that another individual should serve in one or more of those positions it is fully a liberty to do so at its own cost. It is clearly understood that the services the Company provides herein are valuable to YPNT no matter the titles the employees of Company are asked to take while providing the services to YPNT. In the case where another is named to any of the titles herein above that Company would continue to provide consulting services on an as needed basis in order to fulfill its obligations hereunder.
  - e. The employees herein shall be employees of Company and not of YPNT but shall be able to hold themselves out as Employees of YPNT by the use of their respective titles, and in the course of their duties with respect to the signing of contracts, etc.

- f. The Company duties shall be to try maintain or improve our current response rates on our direct mail marketing piece(s), look for, create and implement other strategies to build our customer base, find other products we can sell to our existing and new customers, find profitable ways to market for new customers. Find ways to decrease dilution of our existing customer base. Company employees shall work with and supervise YPNT staff to achieve these goals. All expenses for equipment or additional employees or staff shall be borne by YPNT.
- g. This is not an employment contract of Gregory Crane or any other employee of Company and the money paid under this contract is payable to Company and is earned by the Company not by Crane or any of the other employees of Company, who merely work for the Company.
- h. Maintain and design with the help of YPNT staff and Consultants all direct mail pieces.
- i. Interact with shareholders, lenders, board members, and the investment community at large.
- j. Help write and approve all public communications of the company to enhance the Company's corporate image and Brand.

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- k. Such other tasks as the Board of YPNT may reasonably require of Company or its employees.

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

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

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

Services under this contract according to the following schedule;

- a. Monthly fees of \$32,000.00 per month in year one with a 10% increase in each succeeding year, This fee shall be payable monthly, no later than the first day of each month preceding the period during which the Services are to be performed. Services are deemed earned at the moment they are due. Company will not be required to send an invoice for services.
- b. Company shall also be paid for attending Board Meetings with at least one individual. Company shall be paid \$2000.00 per day for each board meeting or \$2,000.00 per quarter whichever is greater, no matter how many of Company's employees attend. This amount shall be raised if a majority of board members whether inside or outside board members receive a larger amount. Company shall not be paid for Board committee work.
- c. Company shall also be provided with a 2 Cell Phone allowance for its employees performing services for YPNT.
- d. Company can allocate this monthly payment in any manner it instructs YPNT to pay it and to whomever it so designates. It may be used to pay for automobiles in YPNT's name, medical expenses or insurance, mobile phone, etc. so long as the aggregate does not exceed the amounts above.
- e. Employee(s) of Company shall be offered participation in any stock option plan approved by the Board of Directors of YPNT that are offered to other executives and employees, whether key or not during the term of this agreement. Any options and or stock obtained pursuant to this plan shall also be held as collateral under the terms of the line of credit above.

4. Expense Reimbursement. Company shall be entitled to reimbursement from  
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YPNT for all "out of pocket" expenses. Examples of some but not all of the reimbursable expenses are; gasoline, travel, hotels, insurance, flight insurance, meals, entertainment for business. In addition, Company and its employees providing services to YPNT shall be provided with credit or debit cards so that they pay for expenses incurred while performing services for YPNT as they occur. Company shall be authorized to approve any and all expenses on YPNT's card without liability to the Company. If Company or employee or principal of Company is the primary signer for the Credit Card provided to Company or anyone else for the benefit of YPNT than Company shall hereby be indemnified for any and all expenses incurred on said card or cards by YPNT or other employees of YPNT who may also be allowed to use the card(s).

5. Stock Compensation. In order to more clearly align the efforts of Company  
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with the Shareholders of YPNT and to reward the Company for its superior past performance on behalf of YPNT's shareholders the Board of Directors of YPNT deems it prudent to award 1 million shares of its Common stock to Company. That Stock is currently valued (as traded on the OTC Electronic Bulletin Board on Friday June 21st, 2002) at 6 cents per share. According to Generally Accepted Accounting Principles and as required by the SEC this compensation would be accounted for at 90% of that value or at the current amount required under the rules. YPNT further acknowledges that it will pay any Federal or State Incomes taxes that the Company may have to pay on this stock award as they may come due to the Company. This stock shall be so encumbered as part of the flex compensation below and as part of the customer acquisition requirement. If YPNT's customer count does not exceed 177,000 customers within 12 months from October 1, 2002 than the stock if forfeit in prorata share based on the customer count actually obtained. The base amount for calculations is 100,000 customers, so the company would have to achieve an increase of 77,000 additional customers during the period. For example; if there were 160,000 customers this could amount to 60,000 additional customers. your would that would be 78% of Goal. So 22% of the stock would be forfeit back to YPNT.

6. Guarantee of YPNT obligations. As an accommodation to YPNT the Company or  
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any of its employees may elect to provide personal or corporate guarantees for any indebtedness incurred by YPNT. If they so chose to do so by signing below YPNT hereby indemnifies those Employees of the Company or the Company itself for any loss, claim, or damages suffered by the Company or its employees by way of this guarantee(s).

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

8. Bonus for previous year's achievements. By prior order of the Board of  
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Directors and as a condition of executing this contract a bonus was awarded

to Company for its services in the amount of \$35,000.00. Said bonus is payable on October 1, 2002 and for both parties shall be expensed or indicated as income in the period beginning October 1, 2002. Further YPNT shall bonus to Company any Federal and/or State Income taxes that may be due by the Company for this bonus when Company files it's 2002 income tax forms.

9. Flex Compensation. YPNT shall make available to the Company additional  
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income, which shall be called "Flex-Compensation". The maximum amount that can be immediately drawn upon shall be \$50,000.00 (as a base in each fiscal year), except as modified below. However that base shall increase by 10% on each 12-month anniversary thereafter during the term of this contract.

This Flex Compensation is a part and parcel of the Compensation to be paid to the Company by YPNT. However as part of the mutual accommodations between the parties Company agrees not to take all of the Compensation at one time but that in any event the Company is the final arbiter of when and if YPNT is capable of paying the bonus at that time, except that at all times YPNT shall have sufficient cash on hand or anticipated to cover its next 30 days of operating expenses exclusive of marketing expenses.

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

YPNT is making this Flex Compensation available to the Company as a way to induce the Company to continue to perform services for the entire term of the contract. To insure that the Company does not take the Flex

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Compensation at the beginning of the term and then resign the Company hereby grants to YPNT a first position lien right on all of the stock granted by the YPNT to either the Company or Gregory Crane. If the Company takes the Flex Compensation, and resigns it has the choice of either returning the unused flex compensation for that fiscal year and retaining the stock or returning the stock to the company. The Company and Crane would not be allowed to sell, assign or further transfer this stock without the permission of the YPNT, which permission shall not be unreasonable withheld. However, because of the valuable nature of these Services YPNT would be obligated to take title of these shares in the event of a valid enforceable lien or judgment against Company that would encumber these shares and by signing below Company warrants that it would not interfere.

By signing below the Company and Crane agree that a Security Agreement will be created to evidence this lien.

10. Support Services. YPNT will provide the following support services for  
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the benefit of Company; office space (2 offices, with the furniture currently inside) and office supplies, 2 telephones, two computers, and personnel to answer one Company telephone number. In the event of termination of this agreement than YPNT will if requested by Company assign the lease for the offices to the Company. Said monthly lease if assigned can-not exceed \$350.00 per month till the end of the term of this agreement. Any amount above \$350.00 per month would still be the responsibility of YPNT. The computer and general office equipment, excluding phones would be turned over to Company by the payment within 45 days of cancellation in the amount of \$2,000.00 in year one, \$1,000.00 in years two through 5.



11. Termination. This agreement shall continue until September 30, 2007  
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whereupon it shall automatically renew for another similar period unless either party notifies the other of its intent not to renew 30 days prior to the renewal date at the address provided for herein for notices.

Company may terminate this agreement at anytime by providing YPNT with a 30-day termination notice, with no penalty to either party.

In the Event of a termination by YPNT for malfeasance, theft or embezzlement in regards to YPNT and while Company is providing services to YPNT and where such malfeasance, theft or embezzlement is proven in a competent court of law to have directly damaged YPNT than all Stock of YPNT received by the Company, then in Company's possession or control shall be surrendered to YPNT

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In the Event of a termination by YPNT for any reason other those listed above than Company shall be entitled to a termination fee equal to the 30 % of the balance of the contract but in any case not less than 12 months fees plus the release of the stock collateral given in number 8 above regarding the flex compensation.

12. Due on Sale Clause. In the event that there is a change in control of  
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YPNT as defined by the United States Securities and Exchange Commission or the Internal Revenue Services of the United States of YPNT of the entire company now know as YPNT, Telco Billing or the majority of YPNT's assets are sold, (excluding a factoring arrangement which is defined herein as a financing agreement) than 30% of the balance of this contract or 12 months worth of fees, whichever is greater becomes immediately due and payable by YPNT to Company. Further that all debts by Company to YPNT would be forgiven and any liability by YPNT to Company for any tax payments due Company for previous grants hereunder are also due.

13. New Products. All new products designed to be sold to Yellow Page  
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customers of YPNT will be the property of YPNT. Products designed for Company for other clients shall be the property of the other clients, no matter if Company Employees who also perform services for YPNT worked on the project. However, for any products designed by Company, not for a client or for YPNT than YPNT shall be given a first right of refusal to purchase that that product from Company.

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

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

19. Default. In the event of a Default by YPNT for non-payment or and other  
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breach of this agreement than YPNT shall pay a Default fee of \$50.00 per day for each day until cured. If after 15 days from receipt by written notice of default YPNT has still not cured its default the entire balance of the contract shall become due and payable including any termination penalties. Company shall have the right to sue YPNT for damages and to recover all attorney's fees.

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

It is expressly understood that in the event of a death, disability or by some other reason that Gregory Crane. or any other individual then currently providing services to YPNT becomes unable or unwilling to provide services it does not void this contract. Company shall have up to four months to replace the person performing those services with some

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one or multiple personnel whose aggregate talents are equivalent to those of the person or persons unable or unwilling to perform services. Company is the final arbiter of the ability of its personnel to perform the necessary services. In the event that Company is unable or unwilling to replace those services than YPNT can cancel the contract by releasing the lien on collateral and is not entitled to the return of the flex compensation and by paying a 12 month cancellation fee equal to 12 months fees.

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

If to YPNT:

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

If to Company:

Advertising Management & Consulting Services, Inc.  
Gregory Crane.  
President  
4840 E. Jasmine Street Suite 110  
Mesa, Arizona 85205

21. Entire Agreement. This Agreement contains the entire agreement of the  
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parties and there are no other promises or conditions in any other agreement whether oral or written. This agreement supersedes any prior written or oral agreements between the parties.

22. Confidentiality and non-compete. The employees of Company agree to be  
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bound by the confidentiality and non-compete provisions contained in YPNT's Team member handbook as they may be amended from time to time and as signed by the employees of Company actually providing services to YPNT.

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23. Amendment. This agreement may be modified or amended if the amendment is  
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made in writing and is signed by both parties.

24. Severability. If any provision of this Agreement shall be held to be  
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invalid or unenforceable or any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable but that by limiting such provision it would become valid and enforceable, that such provision shall be deemed to be written, construed and enforced as so limited.

25. Waiver of Contractual Right. The failure of either party to enforce any  
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provision of this agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

26. Applicable Law. The laws of the State of Arizona shall govern this  
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agreement.

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

Party receiving Services:  
YP. Net, Inc.

By: /s/ Angelo Tullo

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Angelo Tullo  
President

Party providing Services:  
Advertising Management & Consulting Services, Inc.

By: /s/ Greg Crane

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Gregory Crane.  
President

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EXECUTIVE CONSULTING AGREEMENT  
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This Agreement made effective as of, September 20th, 2002, by and between YP.Net, Inc. of 4840 East Jasmine Street, suite 105, Mesa, Arizona 85205 ("YPNT"), as the party to receive services and Advanced Internet Marketing, Inc. of 4840 E. Jasmine Street, suite 110, Arizona 85205 ("Company") as the party who shall be providing the services.

WHEREAS Company has a background in Business Management, Web Design, Print Advertising Design and Corporate Development is willing to provide services to YPNT and YPNT desires to have the services provided by Company and;

WHEREAS Company has provided different levels of service to YPNT since June 1999 and its predecessor before the merger Telco Billing since 1997 including that of Corporate Secretary, Director, Director of Technology, Vice President Corporate Image, Web Designer, Print Design Supervisor and as part of the Management Team of YPNT, YPNT has survived and prospered during difficult times and YPNT separately acknowledges those accomplishments, and;

WHEREAS YPNT faces additional challenges caused in part by activities of the former Chief Financial Officer. Such as; The Business Software Alliance, failure to file tax returns when due, EEOC complaints as well as the need to continue YPNT's profitable successes and the need to alert the Investment Community to these successes it is now apparent between the parties that YPNT needs to secure the services of Company for a longer term In whatever capacity or titles the Company is willing to provide those services;

THEREFORE it is agreed that this contract shall superceed all prior agreements between the parties and shall become effective on the date signed

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below which will have culminated by the recommendation of the Compensation Committee of YPNT. It is further agreed by the parties that;

1. Description of Services. Company will continue to make available its  
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current services as well as the new ones listed below;
  - a. The services of a Corporate Secretary ("Secretary"), initially in the person of DeVal Johnson.
  - b. The services of a Vice President, Corporate Image ("Vice President"), initially in the person of DeVal Johnson.
  - c. The services of Web designer to assist the person in number 1b above.
  - d. In the event that YPNT determines that another individual should serve in one or more of those positions it is fully a liberty to do so at its own cost. It is clearly understood that the services the Company provides herein are valuable to YPNT no matter the titles the employees of Company are asked to take while providing the services to YPNT. In the case where another is named to any of the titles herein above that Company would continue to provide consulting services on an as needed basis in order to fulfill its obligations hereunder.

- e. The employees herein shall be employees of Company and not of YPNT but shall be able to hold themselves out as Employees of YPNT by the use of their respective titles, and in the course of their duties with respect to the signing of contracts, etc.
- f. The Company duties shall be to maintain and build a Web site that can be maintained by YP.Net Staff. Company employees shall work with and supervise YPNT staff to achieve this goal. All expenses for equipment or additional employees of staff shall be borne YPNT.
- g. This is not an employment contract of DeVal Johnson or any other employee of Company and the money paid under this contract is payable to Company and is earned by the Company not by Johnson or any of the other employees of Company, who merely work for the Company.
- h. Maintain and design with the help of YPNT staff and Consultants all direct mail pieces.
- i. Interact with shareholders, lenders, board members, and the investment community at large.
- j. Help write and approve all public communications of the company to enhance the Company's corporate image and Brand.
- k. Such other tasks as the Board of YPNT may reasonably require of Company or its employees.

Executive Consulting Agreement

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

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

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

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Services under this contract according to the following schedule;

- a. Monthly fees of \$18,000.00 per month in year one with a 10% increase in each succeeding year, This fee shall be payable monthly, no later than the first day of each month preceding the period during which the Services are to be performed. Services are deemed earned at the moment they are due. Company will not be required to send an invoice for services.
- b. Company shall also be paid for attending Board Meetings with at least one individual. Company shall be paid \$2000.00 per day for each board meeting or \$2,000.00 per quarter whichever is greater, no matter how many of Company's employees attend. This amount shall be raised if a majority of board members whether inside or outside board members receive a larger amount. Company shall not be paid for Board committee work.
- c. Company shall also be provided with a 2 Cell Phone allowance for its employees performing services for YPNT.
- d. Company can allocate this monthly payment in any manner it instructs YPNT to pay it and to whomever it so designates. It may be used to pay for automobiles in YPNT's name, medical expenses or insurance, mobile phone, etc. so long as the aggregate does not exceed the amounts above.
- e. Employee(s) of Company shall be offered participation in any stock option plan approved by the Board of Directors of YPNT that are offered to other executives and employees, whether key or not during the term of this agreement. Any options and or stock obtained pursuant to this plan shall also be held as collateral under the terms of the line of credit above.

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

YPNT for all "out of pocket" expenses. Examples of some but not all of the reimbursable expenses are; gasoline, travel, hotels, insurance, flight insurance, meals, entertainment for business. In addition, Company and its employees providing services to YPNT shall be provided with credit or debit cards so that they pay for expenses incurred while performing services for YPNT as they occur. Company shall be authorized to approve any and all expenses on YPNT's card without liability to the Company. If Company or employee or principal of Company is the primary signer for the Credit Card provided to Company or anyone else for the benefit of YPNT than Company shall hereby be indemnified for any and all expenses incurred on said card or cards by YPNT or other employees of YPNT who may also be allowed to use the card(s).

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

with the Shareholders of YPNT and to reward the Company for its superior past performance on behalf of YPNT's shareholders the Board of Directors of YPNT deems it prudent to award 1 million shares of its Common stock to Company. That Stock is currently valued (as traded on the OTC Electronic Bulletin Board on Friday June 21st, 2002) at 6 cents per share. According to Generally Accepted Accounting Principles and as required by the SEC this compensation would be accounted for at 90% of that value or at the current amount required under the rules. YPNT further acknowledges that it will pay any Federal or State Incomes taxes that the Company may have to pay on this stock award as they may come due to the Company. This stock shall be so encumbered as part of the flex compensation below and as part of the customer acquisition requirement. If YPNT's customer count does not exceed 177,000 customers within 12 months from October 1, 2002 than the stock if forfeit in prorata share based on the customer count actually obtained. The base amount for calculations is 100,000 customers, so the company would have to achieve an increase of 77,000 additional customers during the period. For example; if there were 160,000 customers this could amount to 60,000 additional customers. your would that would be 78% of Goal. So 22% of the stock would be forfeit back to YPNT.

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

any of its employees may elect to provide personal or corporate guarantees for any indebtedness incurred by YPNT. If they so chose to do so by signing below YPNT hereby indemnifies those

Employees of the Company or the Company itself for any loss, claim, or damages suffered by the Company or its employees by way of this guarantee(s).

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

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

8. Bonus for previous year's achievements. By prior order of the Board of -----

Directors and as a condition of executing this contract a bonus was awarded to Company for its services in the amount of \$20,000.00. Said bonus is payable on October 1, 2002 and for both parties shall be expensed or indicated as income in the period beginning October 1, 2002. Further YPNT shall bonus to Company any Federal and/or State Income taxes that may be due by the Company for this bonus when Company files it's 2002 income tax forms.

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

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income, which shall be called "Flex-Compensation". The maximum amount that can be immediately drawn upon shall be \$30,000.00 (as a base in each fiscal year), except as modified below. However that base shall increase by 10% on each 12-month anniversary thereafter during the term of this contract.

This Flex Compensation is a part and parcel of the Compensation to be paid to the Company by YPNT. However as part of the mutual accommodations between the parties Company agrees not to take all of the Compensation at one time but that in any event the Company is the final arbiter of when and if YPNT is capable of paying the bonus at that time, except that at all times YPNT shall have sufficient cash on hand or anticipated to cover its next 30 days of operating expenses exclusive of marketing expenses.

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

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YPNT is making this Flex Compensation available to the Company as a way to induce the Company to continue to perform services for the entire term of the contract. To insure that the Company does not take the Flex Compensation at the beginning of the term and then resign the Company hereby grants to YPNT a first position lien right on all of the stock granted by the YPNT to either the Company or DeVal Johnson. If the Company takes the Flex Compensation, and resigns it has the choice of either returning the unused flex compensation for that fiscal year and retaining the stock or returning the stock to the company. The Company and Johnson would not be allowed to sell, assign or further transfer this stock without the permission of the YPNT, which permission shall not be unreasonable withheld. However, because of the valuable nature of these services YPNT would be obligated to take title of these shares in the event of a valid enforceable lien or judgment against Company that would encumber these shares and by signing below Company warrants that it would not interfere.

By signing below the Company and Johnson agree that a Security Agreement will be created to evidence this lien.

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

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the benefit of Company; office space (2 offices, with the furniture currently inside) and office supplies, 2 telephones, two computers, and personnel to answer one Company telephone number. In the event of termination of this agreement than YPNT will if requested by Company assign the lease for the offices to the Company. Said monthly lease if assigned can-not exceed \$350.00 per month till the end of the term of this agreement. Any amount above \$350.00 per month would still be the responsibility of YPNT. The computer & general equipment excluding phones would be turned over to Company by the payment within 45 days of cancellation in the amount of \$2,000.00 in year one, \$1,000.00 in years two through 5.



11. Termination. This agreement shall continue until September 30, 2007

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

Company may terminate this agreement at anytime by providing YPNT with a 30-day termination notice, with no penalty to either party. In the event of a termination by Company, than Company shall have the option of paying back the line of credit, together with interest on a 3-year

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amortization schedule or surrendering the collateral as full payment therein.

In the Event of a termination by YPNT for malfeasance, theft or embezzlement in regards to YPNT and while Company is providing services to YPNT and where such malfeasance, theft or embezzlement is proven in a competent court of law to have directly damaged YPNT than all Stock of YPNT received by the Company, then in Company's possession or control shall be surrendered to YPNT

In the Event of a termination by YPNT for any reason other those listed above than Company shall be entitled to a termination fee equal to the 30 % of the balance of the contract but in any case not less than 12 months fees plus the release of the stock collateral given in number 8 above regarding the flex compensation.

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

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

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

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

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

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

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

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

- 16. Return of Records. Upon termination of this Agreement, Company shall

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

- 17. Officers and Directors Insurance and Indemnification. YPNT shall maintain

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

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

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

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

It is expressly understood that in the event of a death, disability or by some other reason that DeVal Johnson or any other individual then currently providing services to YPNT becomes unable or unwilling to provide services it does not void this contract. Company shall have up to four months to replace the person performing those services with some one or multiple

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personnel whose aggregate talents are equivalent to those of the person or persons unable or unwilling to perform services. Company is the final arbiter of the ability of its personnel to perform the necessary services. In the event that Company is unable or unwilling to replace those services than YPNT can cancel the contract by releasing the lien on collateral and is not entitled to the return of the flex compensation and by paying a 12 month cancellation fee equal to 12 months fees.

- 19. Notices: All notices required or permitted under this agreement shall be

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

If to YPNT:

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

If to Company:  
Advanced Internet Marketing, Inc.  
DeVal Johnson  
President  
4840 E. Jasmine Street Suite 110  
Mesa, Arizona 85205

20. Entire Agreement. This Agreement contains the entire agreement of the  
-----  
parties and there are no other promises or conditions in any other  
agreement whether oral or written. This agreement supersedes any prior  
written or oral agreements between the parties.

21. Confidentiality and non-compete. The employees of Company agree to be  
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bound by the confidentiality and non-compete provisions contained in  
YPNT's Team member handbook as they may be amended from time to time and  
as signed by the employees of Company actually providing services to YPNT.

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22. Amendment. This agreement may be modified or amended if the amendment is  
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made in writing and is signed by both parties.

23. Severability. If any provision of this Agreement shall be held to be  
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invalid or unenforceable or any reason, the remaining provisions shall  
continue to be valid and enforceable. If a court finds that any provision  
of this Agreement is invalid or unenforceable but that by limiting such  
provision it would become valid and enforceable, that such provision shall  
be deemed to be written, construed and enforced as so limited.

24. Waiver of Contractual Right. The failure of either party to enforce any  
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provision of this agreement shall not be construed as a waiver or  
limitation of that party's right to subsequently enforce and compel strict  
compliance with every provision of this Agreement.

25. Applicable Law. The laws of the State of Arizona shall govern this  
-----  
agreement.

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

Party receiving Services:  
YP. Net, Inc.

By: /s/ Angelo Tullo

-----  
Angelo Tullo  
President

Party providing Services:  
Advanced Internet Marketing, Inc.

By: /s/ DeVal Johnson

-----  
DeVal Johnson  
President

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[GRAPHIC OMITTED]

BUSINESS EXECUTIVE SERVICE, INC.

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BUSINESS INCUBATION & LEASING SPECIALIST

MAIL MARKETING MANAGEMENT AGREEMENT

THIS MAIL MARKETING MANAGEMENT AGREEMENT (the "Agreement") is made this 1th day of November, 2001 (the "Effective Date"), by and between Business Executive Services, Inc., a Arizona corporation whose address is 4840 E. Jasmine Street, Suite 110, Mesa, Arizona 85205 ("Consultant") and Telco Billing, Inc., an Nevada corporation with its offices located at 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205 (the "Company").

WHEREAS, Consultant has experience in mail marketing, invoicing and compliance mailing.

WHEREAS, the Company desires to retain Consultant to advise and assist the Company in such matters on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Consultant agree as follows:

1. ENGAGEMENT.

The Company hereby retains Consultant, effective as of the date first written above (the "Effective Date") and continuing until termination, as provided herein, to provide the Company with the following services:

Consultant will provide scheduling and completion of all outgoing mail. Company will provide Consultant with all of the hardware necessary for Consultant to perform Consultant's duties.

2. TERM.

This Agreement shall have an initial term of one (1) year (the "Primary Term"), commencing with the Effective Date. At the conclusion of the Primary Term, this Agreement will automatically be extended on an annual basis (the "Extension Period") unless Consultant or the Company shall deliver to the other party written notice terminating the Agreement. Any notice to terminate given hereunder shall be in writing and shall be delivered at least thirty (30) days before the end of the Primary Term or any subsequent Extension Period.

3. TIME AND EFFORT OF CONSULTANT.

Consultant shall allocate time, as it deems necessary to provide the Services. The particular amount of time may vary from day to day or week to week. However, it is expressly understood that

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November 1, 2001

Consultant is not billing Company for the time performed but rather is billing Company based on the number of mail pieces sent each year. Additionally, in the absence of willful misfeasance, bad faith, or reckless disregard for the obligations or duties hereunder by Consultant, Consultant shall not be liable to the Company or any of its shareholders for any act or omission in the course of or connected with rendering the Services, including but not limited to losses that may be sustained in any corporate act in any subsequent Business Opportunity (as defined herein) undertaken by the Company as a result of advice provided by Consultant.

4. COMPENSATION.

The Company agrees to pay Consultant a fee for the Services ("Consulting Fee") as follows:

Consultant shall be paid by Company monthly on the 1st of the month. The rate shall be \$.015 per mail piece sent based off the yearly forecast.

Fee based on the projected mailings attached & provided by company. Company shall be billed based on the 12-month average in all cases not to be below a fee of \$15,750. Consultant shall provide a quarterly accounting of usage to company.

A late fee of 1.5% will be charged on any payments more than 10 days late. Failure to pay the payment and/or late payments when due can subject the Company to cancellation by Consultant hereunder. If this contract is canceled due to non-payment then Consultant will be eligible for expenses equal to 33% of the amount outstanding for collection costs as well as a termination fee equal to one months billing (at the pervious month's rate).

5. COSTS AND EXPENSES.

All third party and out-of-pocket expenses incurred by Consultant in the performance of the Services shall be paid by the Company, or Consultant shall be reimbursed if paid by Consultant on behalf of the Company, within ten (10) days of receipt of written notice by Consultant, provided that the Company must approve in advance all such expenses in excess of \$1,000 per month.

6. PLACE OF SERVICES.

The Services provided by Consultant hereunder will be performed at Consultant's offices except as otherwise mutually agreed by Consultant and the Company.

7. INDEPENDENT CONTRACTOR.

Consultant will act as an independent contractor in the performance of its duties under this Agreement. Accordingly, Consultant will be responsible for payment of all federal, state, and local taxes on compensation paid under this Agreement, including income and social security taxes, unemployment insurance, and any other taxes due relative to Consultant's Personnel, and any and all business license fees as may be required. This Agreement neither expressly nor impliedly creates a relationship of principal and agent, or employee and employer, between Consultant's Personnel and the Company Neither Consultant nor Consultant's Personnel are authorized to enter into any agreements on behalf of the Company. The Company expressly retains the right to approve, in its sole discretion, each Asset Opportunity or Business

Opportunity introduced by Consultant, and to make all final decisions with respect to effecting a

Mail Marketing Agreement between  
Business Executive Service, Inc. & Telco Billing, Inc.  
November 1, 2001

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transaction on any Business Opportunity.

8. NO AGENCY EXPRESS OR IMPLIED.

This Agreement neither expressly nor impliedly creates a relationship of principal and agent between the Company and Consultant, or employee and employer as between Consultant's Personnel and the Company.

9. TERMINATION.

The Company and Consultant may terminate this Agreement before the expiration of the Primary Term upon thirty (30) days written notice, so long as termination is with mutual written consent. Absent mutual consent, and without prejudice to any other remedy to which the terminating party may be entitled (if any), either party may terminate this Agreement with thirty (30) days written notice under the following conditions:

A. By the Company.  
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- (i). If during the Primary Term of this Agreement or any Extension Period, Consultant is unable to provide the Services as set forth herein for thirty (30) consecutive business days because of illness, accident, or other incapacity of Consultant's Personnel; or,
- (ii) If Consultant willfully breaches the duties required to be performed hereunder, or,

B. By Consultant.  
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- (i). If the Company breaches this Agreement or fails to make any payments or provide information required hereunder; or,
- (ii). If the Company ceases business or, other than in an Initial Merger, sells a controlling interest to a third party, or agrees to a consolidation or merger of itself with or into another corporation, or enters into such a transaction outside of the scope of this Agreement, or sells substantially all of its assets to another corporation, entity or individual outside of the scope of this Agreement; or,
- (iii). If the Company, subsequent to the execution hereof, has a receiver appointed for its business or assets, or otherwise becomes insolvent or unable to timely satisfy its obligations in the ordinary course of business, including but not limited to the obligation to pay the Consulting Fee; or,
- (iv). If the Company, subsequent to the execution hereof; institutes or makes a general assignment for the benefit of creditors, has instituted against it any bankruptcy proceeding for reorganization or rearrangement of its financial affairs, files a petition in a court of bankruptcy, or is adjudicated a bankrupt; or,
- (v). If any of the disclosures made herein or subsequent hereto by the Company to Consultant are determined to be materially false or misleading.

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November 1, 2001

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12. INDEMNIFICATION.

Subject to the provisions herein, the Company and Consultant agree to indemnify, defend and hold each other harmless from and against all demands, claims, actions, losses, damages, liabilities, costs and expenses (including without limitation, interest, penalties and attorneys' fees and expenses) asserted against or imposed or incurred by either party by reason of or resulting from any action by (or the breach of any representation, warranty, covenant, condition, or agreement by) the other party to this Agreement

13. REMEDIES

Consultant and the Company acknowledge that in the event of a breach of this Agreement by either party, money damages would be inadequate, and the non-breaching party would have no adequate remedy at law. Accordingly, in the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive, and shall be in addition to any other remedy to which the parties may be entitled.

14. MISCELLANEOUS.

- A. Subsequent Events Consultant and the Company each agree to notify the  
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other party if, subsequent to the date of this Agreement, either party  
incurs obligations which could compromise its' efforts and obligations  
under this Agreement.
- B. Amendment This Agreement may be amended or modified at any time and in  
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any manner only by an instrument in writing executed by the parties  
hereto.
- C Further Actions and Assurances. At any time and from time to time,  
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each party agrees, at its or their expense, to take actions and to  
execute and deliver documents as may be reasonably necessary to  
effectuate the purposes of this Agreement.
- D. Waiver. Any failure of any party to this Agreement to comply with any  
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of its obligations, agreements, or conditions hereunder may be waived  
in writing by the party to whom such compliance is owed. The failure  
of any party to this Agreement to enforce at any time any of the  
provisions of this Agreement shall in no way be construed to be a  
waiver of any such provision or a waiver of the right of such party  
thereafter to enforce each and every such provision. No waiver of any  
breach of or noncompliance with this Agreement shall be held to be a  
waiver of any other or subsequent breach or noncompliance
- E. Assignment Neither this Agreement nor any right created by it shall be  
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assignable by either party without the prior written consent of the  
other.
- F. Notices. Any notice or other communication required or permitted by  
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this Agreement must be in writing and shall be deemed to be properly  
given when delivered in person to an officer of the other party, when  
deposited in the United States mail for transmittal by certified or  
registered mail, postage prepaid; when deposited with a public  
telegraph company for transmittal; or when sent by facsimile  
transmission, provided that the communication is addressed:

Mail Marketing Agreement between  
Business Executive Service, Inc. & Telco Billing, Inc.  
November 1, 2001

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- (i) In the case of the Consultant:

Business Executive Services, Inc.  
4840 East Jasmine Street, Suite 110  
Mesa, Arizona 85205  
Telephone: (480) 860-0011  
Facsimile: (480) 860-0800  
Attention President

- (ii) In the case of the Company:

Telco Billing, Inc.  
4840 East Jasmine Street, Suite 105  
Mesa, Arizona 85205  
Telephone: (480) 654-9646  
Facsimile: (480) 654-9727  
Attention: President

or to such other person or address designated in writing by the  
Company or Consultant to receive notice.

- G Headings The section and subsection headings in this Agreement are  
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inserted for convenience only and shall not affect in any way the  
meaning or interpretation of this Agreement.



- H. Governing Law This Agreement was negotiated in and is being contracted  
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for in Arizona, and shall be governed by the laws of the State of Arizona, and the United States of America, notwithstanding any conflict-of-law provision to the contrary. The parties hereby consent to the personal jurisdiction of the courts located in the State of Arizona.
- I. Binding Effect. This Agreement shall be binding upon the parties  
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hereto and inure to the benefit of the parties, their respective heirs, administrator, executors, successors, and assigns.
- J. Entire Agreement. This Agreement contains the entire agreement between  
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the parties hereto and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter of this Agreement. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. No representations, warranties, covenants, or conditions, express or implied, other than as set forth herein, have been made by any party.
- K. Severability. If any part of this Agreement is deemed unenforceable,  
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the balance of the Agreement shall remain in full force and effect.
- L. Counterparts. A facsimile, telecopy, or other reproduction of this  
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Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, by one or more parties hereto and such executed copy may be delivered by facsimile or similar

Mail Marketing Agreement between  
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November 1, 2001

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instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. In this event, such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

- M. Time is of the Essence. Time is of the essence of this Agreement and  
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of each and every provision hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date above written.

THE "CONSULTANT"  
BUSINESS EXECUTIVE SERVICES, INC.

THE "COMPANY"  
TELCO BILLING, INC.

BY:

BY:

-----  
Joe Susco, President

-----  
Angelo Tullo, CEO/President

Mail Marketing Agreement between  
Business Executive Service, Inc. & Telco Billing, Inc.  
November 1, 2001

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Missing exhibit 11

YP.Net, Inc Subsidiaries

Subsidiary of YP.Net, Inc.

Telco Billing, Inc. 100% Owned

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

I, Angelo Tullo, Chairman of YP.Net, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Annual Report on Form 10-QSB of the Company for the fiscal year ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2003

/s/ ANGELO TULLO

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Angelo Tullo,  
Chairman

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

I, David Iannini, Chief Financial Officer of YP.Net, Inc. (the "Company"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Annual Report on Form 10-KSB of the Company for the fiscal year ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2003

/s/ DAVID IANNINI

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David Iannini,  
Chief Financial Officer