FORM 10-K

Annual report pursuant to section 13 and 15(d)

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AUTOTRADECENTER COM INC

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SIC: **5010** Motor vehicles & motor vehicle parts & supplies

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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2001 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 333-78659

AUTOTRADECENTER.COM INC.
(Exact name of registrant as specified in its charter)

ARIZONA	86-0879572
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15170 NORTH HAYDEN ROAD, SUITE 5, SCOTTSDALE, ARIZONA 85260
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (480) 556-6701

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ___ No X

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not 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-K or any amendment to this Form 10-K. [X]

Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of July 23, 2001: $7,376,448

Number of shares of common stock outstanding as of March 31, 2001: 40,954,759

Documents incorporated by reference: None

PART I

ITEM 1. BUSINESS.

Unless the context otherwise requires, the terms "we," "our," and "us," refers to AutoTradeCenter.com Inc.

GENERAL

We assist automobile manufacturers, finance companies, financial institutions, lease and rental companies, and automobile dealers in marketing their inventories of used automobiles over the Internet. This is referred to as "remarketing" in the automotive industry. We have developed technology that enables businesses with used vehicles to post their inventories on a website, provide detailed information about each vehicle, and sell these vehicles to other dealers. We believe that our services provide businesses with an efficient and cost-effective used vehicle redistribution or remarketing system as an alternative to traditional auto auctions.

Presently, all of our revenues are derived from developing and operating remarketing websites for businesses, such as American Honda Finance and American Suzuki Motor, for which we are paid listing fees and fees when a vehicle is bought or sold on the website. We are trying to market our services to other similar types of companies.

CORPORATE BACKGROUND

We were organized as an Arizona corporation on July 10, 1997 under the name Auto Network USA, Inc., and commenced operations on September 22, 1997, at our facility in Scottsdale, Arizona. In December 1998, we changed our name to Auto Network Group, Inc. as a result of an agreement reached with an entity with a similar name. We again changed our name to AutoTradeCenter.com in April 1999 to more accurately reflect our Internet presence and our future direction of providing automotive remarketing services over the Internet.

SUBSIDIARIES. Auto Network Group of New Mexico, Inc., a wholly owned subsidiary, was incorporated on May 18, 1998, and commenced operations on June 1, 1998. Upon the opening of our Auto Network Group of New Mexico office and warehouse facility, we were able to attract the necessary brokers and administrative personnel by issuing common stock and stock options in our company. We utilized this same process or methodology in opening other targeted markets, which, at the time, was part of our business plan and corporate strategy. Auto Network Group of New Mexico operated its business in a manner similar to certain other subsidiaries of its parent, AutoTradeCenter.com.

On August 20, 1998, we acquired Pinnacle Dealer Services, Inc., an affiliated Arizona corporation by issuing 300,000 shares of common stock. Pinnacle Dealer Services promoted and administered alternative financing programs for dealers who purchased used cars from us.

On January 7, 1999, we incorporated BusinessTradeCenter.com Inc. in Arizona to facilitate the wholesale buying and selling of vehicles between dealers on the Internet. Initially, we owned 55% of the common shares. BusinessTradeCenter.com has developed the technology and systems necessary to make our inventory, as well as the inventory of member dealers, available for purchase and sale on our Internet site. In March 2000, we acquired the remaining 45% minority interest of BusinessTradeCenter by issuing 5,000,000 shares of our common stock valued at $1.88 per share. As part of this transaction we repaid a $200,000 note that contained conversion rights to acquire a 30% (after conversion) interest in BusinessTradeCenter.com.

On March 31, 1999, we acquired Walden Remarketing Services, Inc., a Minnesota corporation, by issuing to the shareholders of Walden Remarketing 2,050,000 restricted shares of common stock, cash of $125,000, and a promissory note in the principal amount of $450,000. We valued the issued shares at their estimated fair market value of $0.71 per share, or $1,450,000. In a separate agreement reached in December 1999, the then remaining balance of this note, $314,475, was paid through the issuance of 314,475 shares of common stock, valued at $1.00 per share. Walden Remarketing assists manufacturers in the disposition of their fleet and consumer lease vehicles. Walden Remarketing changed its name to AutoTradeCenter Remarketing Services in January 2000.

On July 20, 1999, we acquired Auto Network Group Northwest, Inc., an Oregon corporation formed to establish operations in the northwestern part of the United States. It had no prior operating history. Auto Network Group Northwest operated in a manner similar to Auto Network Group of New Mexico, Inc.

On March 1, 2000 we acquired NDSCo.com Inc., a provider of systems and applications technology for the automotive industry, by issuing to the former shareholders of NDSCo 1,100,000 shares of our common stock valued at $2.55 per share. NDSCo became a wholly-owned subsidiary of BusinessTradeCenter.com, Inc.

Auto Group of San Antonio, Ltd. and Auto Network Group of Eastern Pa., Inc. became wholly-owned subsidiaries of our company on April 1, 2000. These entities did not have prior operations. They operated in a manner similar to our New Mexico and Oregon wholesale operations. In September 2000, we decided to close the Pennsylvania operation.

On August 2, 2000, we formed a new wholly-owned subsidiary, Auto Network Group of Denver, Inc. This subsidiary was not funded primarily due to our growing emphasis on Internet operations.

Effective December 29, 2000, we sold our interest in Auto Network Group of New Mexico, Inc., Auto Network Group Northwest, Inc., and Auto Group of San Antonio, Ltd.

EQUITY FINANCING. In December 1997, we sold 1,002,500 shares of common stock, in a private placement, for gross proceeds of $25,062.50. In February 1998, we sold 6,750 shares of Series A preferred stock, in a private placement, for $675,000. From November 1998 to December 1998, we sold 47,000 shares of Series B preferred stock for gross proceeds of $470,000 in a private placement. In February 2000, we sold in a private placement 20,800 shares of Series C preferred stock and 31,200 shares of Series D preferred stock for gross proceeds

of $5,200,000. From March 2001 through April 20, 2001, we have sold 6,612,018 shares of common stock and 3,306,009 warrants in a private placement for gross proceeds of $1,653,005.

INTERNET OPERATIONS

On February 1, 1999, we introduced an Internet site: AutoTradeCenter.com. Our wholly-owned subsidiary, BusinessTradeCenter.com, controls the legal rights to the Internet domain name, technology, systems, and programming required to operate this site. Upon introduction, access to this site was limited to registered members including automobile dealers, leasing companies, banks, and fleet or rental companies. It was our intent, at the time, to provide to members information on used vehicles offered for sale by us and by others. To encourage use of this site, initially we offered free membership. We planned to charge a membership fee at an undetermined future date. From inception, approximately 500 businesses have registered as members. Initially up to ten members posted cars on the Internet site. Our entire inventory also was listed on the Internet site. To date no revenue has been generated from the AutoTradeCenter.com web site. Our current business plan does not include generating revenue from this site. The start-up costs for the development of the site were not material, since the prior minority owner of BusinessTradeCenter.com contributed the technology for the site design for its ownership interest. Software relating to Internet dealer-to-dealer used car exchanges acquired from NDSCo.com, as part of the purchase price of that company, was written off as impaired in our fiscal year ended March 31, 2001.

The development of our website and our acquisition of Walden Remarketing Services led to the execution of a Motor Vehicle Remarketing Agreement with American Honda Finance Corporation in February 2000. The agreement gave us the exclusive contract to remarket, over the Internet for two years, all of the vehicles returned to Honda after termination of a lease. Access to the website is restricted to users approved by Honda. As of June 15, 2000, the Honda Web site was operational with all Honda and Acura dealers throughout the United States. We amended our agreement with American Honda Finance on February 12, 2001. Among other things, the amendment extends our contract to remarket Honda and Acura vehicles through January 31, 2004, and increases the fees we can earn for each vehicles marketed on the website.

We developed a pilot program for Suzuki, similar to the program utilized for Honda, in September 2000. We signed a definitive agreement with Suzuki in January 2001, and initiated sales of Suzuki vehicles over the Internet in May 2001. BusinessTradeCenter is responsible for the technology used in our contracts with American Honda Finance Corporation and American Suzuki Motor Corporation, in addition to the on-going responsibility of maintaining the system.

On March 1, 2000, we acquired NDSCo.com Inc., a provider of technology for the automotive industry. We believe that certain of the applications and technology obtained by this acquisition complements the technology that we have previously acquired or developed. The rights to this technology, processes and applications became the property of BusinessTradeCenter.com. The functionality of certain of the systems acquired through the NDSCo.com acquisition is similar to the technology previously developed by BusinessTradeCenter. However, we believe that the NDSCo.com systems offer more flexibility and capability of being adapted for use by multiple clients. We believe that this technology allows us to add more clients, such as American Suzuki, without having to effect major changes to what we have already developed for existing clients.

By combining the BusinessTradeCenter and NDSCo.com technologies, we have created the next generation of AutoTradeCenter technology called ATCADVANTAGE, to better service current clients such as American Honda Finance Corporation and American Suzuki Motor Corporation, as well as prospective clients. These prospective clients most likely will be automobile manufacturers, finance companies, financial institutions, lease and rental companies, and automobile dealers with an inventory of used vehicles to sell. We launched ATCADVANTAGE in February 2001 with the Honda website. Both the Honda and Suzuki websites utilize the ATCADVANTAGE platform, as will other clients when or if obtained.

The ATCADVANTAGE web site offers, among other things, the following services and features:

- INVENTORY LISTING - A consignor can post inventory for sale. The listing can include a complete description of each vehicle, including make, model, trim, accessories, mileage, and the wholesale price. Uploaded digital images and condition reports are also associated with the vehicles for viewing.

- COMMUNITY - Consignors can set up a private, branded site for the purpose of providing an information center for their buying dealers. This area on the site facilitates dealer buying histories, remarketing activities calendar, transportation links, newsletter and other static links. Consignors can advertise here, through the use of banner ads, and other tools to market information to prospective buyers.

- CARGROUPS -Consignor vehicles are organized into groups that follow the same business rules, or behaviors. This technology allows differing vehicle bodies to be searched, and viewed side by side by with vehicles from other CarGroups. Consignors can make all their portfolios available for sale to any, or all-prospective buyers through the use of one or more CarGroups.

- CLIENT INVENTORY MANAGEMENT TOOLSET - Live performance reports, auction routing and individual vehicle tracking are available to the consignors providing a comprehensive view of their portfolios activity including sales and logistical data.

- CONDITION REPORT UPLOAD STANDARDS - Reduces integration costs as vendors are introduced into the environment. The Standard is intended to make it easier for buying dealers to interpret vehicle inspection results.

- CLICK SUPPORT FOR DEALERS - Utilizes push technology to take customer service levels to a new higher standard. The application of push technology, with advanced lead and follow characteristics, links directly with a CRM system, to unify dealer phone, fax, browsing and email activities.

We intend to charge new clients for services provided on our ATCADVANTAGE site a per vehicle listing fee and a transaction fee for each vehicle sold on the website. We also intend to charge fees for extra services such as providing a call center, generating reports and analyzing data collected through the website, and to pass certain custom programming costs on to clients.

Since we have been unable to generate revenue from posting and selling vehicles on the AutoTradeCenter.com site as a result of, among other things, obstacles relating to the dealer-to-dealer exchanges of used vehicles over the Internet, we decided to change the functionality of our AutoTradeCenter.com web site as follows:

- No automobiles are posted on the site.
- We are redirecting dealers to the ATCADVANTAGE site.

We are using the AutoTradeCenter.com site to provide information about our company, such as financial statements, press releases, personnel information, etc.

BusinessTradeCenter is also responsible for the development and maintenance of our Internet application utilizing our website WWW.TRADEINCARSONLINE.COM. This website, introduced in December 1999, was designed to facilitate the Internet car buying process by providing a firm bid on trade-ins. Consumers can obtain a bid from us on their used car that they are trading in when purchasing a new vehicle from one of the on-line new car sale or referral programs. As of July 16, 2001, we have not purchased a vehicle through this website and we are unable to predict when or if we will earn any revenues from this or any other website.

LAND-BASED OPERATIONS

We began operations as a licensed wholesale automobile dealer engaged in the wholesale used car business. The wholesale used car business involves the buying of a used vehicle from a licensed automobile dealer and selling that vehicle to another licensed automobile dealer. Automobile dealers are licensed through the laws of each state where they conduct business and include the following types of entities:

- Franchised dealers
- Independent dealers
- Finance companies
- Lease companies
- Car rental companies

The distribution process of used automobiles takes place on local and national levels as car demand and supply fluctuates within and between local and national markets. Currently, the auto auctions located primarily in major urban

areas across the country fill this re-distribution process. We, and other wholesale companies similar to us, satisfy only a small portion of the used car re-distribution process. The typical profile of other wholesale companies, commonly referred to as independent wholesale brokers, are either individuals or small groups of up to five individuals that buy and sell automobiles as described above. Our land-based operations competed with both the auto auctions and the independent wholesale brokers. Our land-based operations focused their efforts on the buying and selling late model luxury automobiles. The average vehicle sale was approximately $15,000.

Our land-based operations contracted with salesmen, referred to as brokers, to buy and sell used vehicles. Each broker entered into a non-exclusive contract with the local operation that authorized the broker to act as the operation's agent in the buying and selling of used vehicles under the company name. Each operation used corporate funds to purchase the vehicle and in turn all monies received upon the sale of the used vehicle were deposited into the corporate bank account. Even though the broker had the authority to buy used vehicles, each operation contractually limited the amount of inventory that each broker could have on hand or unsold at any given point in time. Each broker had the responsibility to sell the used cars he or she has purchased. The average length of time a used vehicle was in inventory was 15 days.

As of February 28, 2001, we discontinued all land-based operations.

AUTOTRADECENTER REMARKETING SERVICES (FORMERLY WALDEN REMARKETING SERVICES)

AutoTradeCenter Remarketing assists the finance subsidiaries of manufacturers, banks or other finance companies, and car rental companies in remarketing used vehicles that are returned upon the expiration of a lease term or other contractual arrangement. AutoTradeCenter Remarketing currently is providing certain of these services for American Honda Finance Corporation and American Suzuki Motor Corporation utilizing the Internet technology provided by BusinessTradeCenter.com.

In the mid 90's, creative lease programs appeared and thousands of returned vehicles started to appear at auto auctions after termination of a lease. Currently, we believe that lessees purchase only 25% of these vehicles at termination of the lease. In addition, dealer purchases of these vehicles have not met industry expectations. Therefore, lessors have not been able to maximize the residual prices for these vehicles, resulting in certain cases in severe losses on lease portfolios. Remarketing programs were developed to address this resale need.

FINANCE PROGRAMS - PINNACLE DEALER SERVICES

We acquired Pinnacle Dealer Services to promote and administer alternative third party finance programs for dealers who purchase used cars from us. Making financing available to dealers had the effect of increasing sales and cash flow without exposing us to any financing risks. These dealers, who were independent of our company, were obligated to the third party for any financing extended to them. The third party had the risk of making the loans. This type of arrangement is no longer needed in light of the disposition of our land-based operations.

CUSTOMERS

Our e-commerce Internet automotive solutions and initiatives provides us with the opportunity to serve the large suppliers of used automobiles such as finance companies, lease companies and car rental companies. These customers are also considered to be automobile dealers; however, they only supply the industry with used vehicles, they are not purchasers of used automobiles.

For the fiscal year ended March 31, 2001, substantially all of our revenues from continuing operations were generated from our contract with American Honda Finance.

SEASONALITY OF BUSINESS

The sale of used automobiles is a year-round process. However, generally sales slow down during the fourth quarter of the calendar year due to the introduction of new models and the holiday season. Business generally picks up in January. Similarly there are fewer vehicles returned after the termination of a lease in the fourth quarter of the calendar year. This is followed by a return to higher volumes in the first and second calendar quarters, followed by a further increase in vehicles being returned after lease terminations during the summer months.

WORKING CAPITAL PRACTICES

We financed our inventory needs for our land-based operations through private sources of capital and proceeds from the sale of used cars. In addition, we utilized a $3,000,000 line of credit with Wells Fargo Business Credit, Inc. This line of credit has been paid in full as it was no longer needed due to the disposition of our land-based operations. Currently we are meeting our working capital needs through private placement sale of equity or debt securities and loans from related parties.

COMPETITION

We compete with other Internet-based entities that maintain commercial Web sites for the wholesale remarketing of vehicles on the Internet including Autodaq.com Inc., Manheim Interactive, Fleet Lease Disposal, Inc., The Cobalt Group and GMAC's Smart auction. We also compete with various financial institutions who

remarket their own off-lease vehicles. We believe that we compete for customers, which are entities with inventories of off-lease or program vehicles to sell, primarily on the basis of:

- The cost of using our services as opposed to the services of others;
- The experience and expertise of our personnel in Internet technology and the automobile remarketing/retail sales industries;
- Our call center which is staffed 24 hours a day, 7 days a week;
- Whether the needs of these entities are being addressed adequately; and
- The quality of service to be rendered to all users of the Web site - primarily the seller and the buyer.

We currently assess our competition as follows:

- AUTODAQ.COM INC. - We believe that we compete directly against Autodaq.com Inc., an entity that currently provides an Internet Web site that competes with our Internet initiatives. These initiatives are directed to the acquisition and redistribution of vehicles returned to finance companies after termination of a lease. Because Autodaq.com is privately held there is little public knowledge about this company, its financial strength or its business model. We consider Autodaq.com to be a major competitor. Based upon the reaction from prospective customers to our most recent proposals, we believe that we compete favorably with Autodaq.com.
- MANHEIM INTERACTIVE - Manheim Interactive is an Internet-based subsidiary of Manheim Auctions, which is the largest automobile auction company in the United States. Until recently Manheim Interactive had limited its presence only to vehicles grounded at Manheim auctions. However, we believe that Manheim intends to expand its Internet presence to include other vehicles. Manheim is far better capitalized than we, as it is owned by Cox Enterprises, a subsidiary of Cox Communications.
- FLEET LEASE DISPOSAL, INC. - Fleet Lease Disposal is a privately-held Florida-based corporation that competes against us for large financial institution clients. It appears to have a management team with a significant amount of experience both in automobile sales and Internet technology. Its Veretack program offers vehicle remarketing services, lease disposal/termination solutions, title services, or personalized customer programs. It recently introduced new, web-based, Internet technology to expedite the process of remarketing off-lease and fleet vehicles for manufacturers, banks and other financial institutions.
- THE COBALT GROUP - Cobalt is a public company. It also is better capitalized than our company. Currently The Cobalt Group is a leading provider of e-business products and services to the automotive industry. Nearly half of the nation's auto dealers use Cobalt's technology, including 8,500 Web services clients. Its e-business products and services are endorsed by 15 automotive manufacturers and more than 50 of the 100 largest dealer groups in the United States. Cobalt is the only e-business provider endorsed by the National Automobile Dealers Association. In the event Cobalt decides to enter the remarketing business, it can become a formidable competitor.
- GMAC - Although the GMAC web site has been limited to General Motors' vehicles, an expansion of this site to other manufacturers and financial institution also could provide substantial competition.

GOVERNMENT REGULATION

Compliance with government regulations does not impose a significant impact on our Internet operations.

EMPLOYEES AND BROKERS

As of July 16, 2001, we had 22 full-time employees and no part-time employees. Employment levels remain relatively high as we anticipate future growth. We depend upon a limited number of key management and technical personnel. As we continue to mature, grow and diversify, our need for highly skilled professionals increases. Our continued success will depend in large part upon our ability to retain and attract managerial and technical personnel with significant experience in finance, technology and computers, marketing, and sales who

have significant automobile industry experience. None of our employees is represented by labor organizations; we have never had a work stoppage or slowdown as a result of labor issues; and we have excellent relations with our employees. Management believes that the adoption of our stock plans, along with other company benefits, will enhance employees' interest in remaining with us. In the future, management is planning to add further incentives to attract and retain high quality personnel.

ITEM 2. PROPERTIES.

We lease, from an unrelated third party, approximately 6,000 square feet of office space in Scottsdale, Arizona, to house our Internet operations. The lease expires February 28, 2002. The 13,500 square feet administrative and warehouse facility, also in Scottsdale, Arizona, that formerly housed our land-based and warehouse facilities, is leased from an unrelated third party under an operating lease expiring September 30, 2002. This facility is subleased to two unrelated parties. Monthly rentals received by us under the sublease are approximately equal to our rental payments. In addition, we are obligated to pay annual net rentals of $33,497 for a facility in Denver, Colorado. We are attempting to sublease the Denver facility; however, in the event we are not successful in subleasing this property, we have established adequate reserves in our financial statements to offset all such lease costs.

Facilities for our land-based operations were leased by the respective subsidiaries. Accordingly, we have no ongoing obligations for those leases.

ITEM 3. LEGAL PROCEEDINGS.

We and certain of our subsidiaries have been named as defendants in various claims, complaints and other legal actions arising in the normal course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect upon our financial condition, results of operations or cash flows. See "Forward-Looking Statements" below.

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

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock traded over-the-counter on the OTC Bulletin Board from January 29, 1998 to August 2, 1999, and since November 8, 1999. From August 3, 1999 to November 5, 1999, our common stock traded on the "pink sheets". The following table sets forth the range of high and low bid quotations for each fiscal quarter since the stock began trading. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

<TABLE>
<CAPTION>

Fiscal Quarter Ending	High Bid	Low Bid

March 31, 1998	$ 1.1250	$ 0.0250
June 30, 1998	$ 1.1250	$ 0.7500
September 30, 1998	$ 1.0625	$ 0.1875
December 31, 1998	$ 1.6875	$ 0.5000
March 31, 1999	$ 7.7500	$ 1.5625
June 30, 1999	$ 3.7500	$ 1.8750
September 30, 1999	$ 2.1250	$ 0.6250
December 31, 1999	$ 2.0000	$ 0.6250
March 31, 2000	$ 7.6250	$ 1.5000
June 30, 2000	$ 3.2500	$ 1.1000
September 30, 2000	$ 2.6250	$ 0.9375
December 31, 2000	$ 2.3750	$ 0.3125
March 31, 2001	$ 1.2344	$ 0.2969

On July 23, 2001, the closing price for the common stock was $0.19. The number of record holders of common stock as of May 4, 2001 was 112 according to our transfer agent.

Our common stock is subject to SEC rules relating to "penny stocks," which apply to non-NASDAQ companies whose stock trades at less than $5.00 per share or whose tangible net worth is less than $2,000,000. Prior to the sale of a penny stock recommended by the broker-dealer to a new customer who is not an accredited investor, the broker-dealer must approve the customer's account for transactions in penny stocks in accordance with procedures set forth in the SEC's rules. The broker-dealer must obtain information about the customer's financial situation, investment experience, and investment objectives. Using this information, the broker-dealer must be able to determine that transactions in penny stocks are suitable for this customer and that the customer has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker-dealer must furnish the customer with a written statement setting forth the basis for the broker's determination of suitability. The customer must sign, date, and return the statement to the broker-dealer. In addition, the broker-dealer must obtain a written agreement from the customer to purchase the penny stock that sets forth the identity of the stock and number of shares to be purchased. A separate agreement must be obtained for each penny stock purchased by the customer until he or she becomes an "established customer."

Holders of shares of common stock are entitled to dividends when, and if, declared by the board of directors out of funds legally available for the payment of dividends. We have never paid any cash dividends on our common stock and intend to retain future earnings, if any, to finance the development and expansion of our business. Our future dividend policy is subject to the discretion of the board of directors and will depend upon a number of factors, including future earnings, capital requirements, and our financial condition.

ITEM 6. SELECTED FINANCIAL DATA.

The balance sheet and income statement data shown below were derived from our audited financial statements. We have restated our financial statements due to our disposition of our land-based operations, which represents the disposal of a business segment. You should read this data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as our financial statements and notes thereto, included elsewhere in this report.

BALANCE SHEET DATA:

	MARCH 31, 2001	MARCH 31, 2000 (RECLASSIFIED)	MARCH 31, 1999 (RECLASSIFIED)	MARCH 31, 1998 (RECLASSIFIED)
Current assets	$ 628,595	$ 5,489,176	$ 401,628	$ --
Total assets	$ 10,267,582	$ 20,102,747	$ 4,790,817	$743,333
Current liabilities	$ 446,039	$ 1,118,542	$ 1,343,936	$ --
Long-term liabilities	$ 538,807	$ 528,807	$ 535,817	$ 3,465
Stockholders' equity	$ 9,282,736	$ 18,455,398	$ 2,911,064	$739,868
Working capital (deficiency)	$ 182,556	$ 4,370,634	$ (942,308)	$ --

INCOME STATEMENT DATA:

	YEAR ENDED MARCH 31, 2001	YEAR ENDED MARCH 31, 2000 (RECLASSIFIED)	YEAR ENDED MARCH 31, 1999 (RECLASSIFIED)	JULY 10, 1997 (INCEPTION) THROUGH MARCH 31, 1998 (RECLASSIFIED)
<S>	<C>	<C>	<C>	<C>
Net sales	$ 891,423	$ 291,587	$ --	$ --
Net loss from continuing operations	$ (9,060,369)	$ (946,202)	$ (276,671)	$ --
Income (loss) from discontinued operations	$ (2,663,285)	$ (1,697,585)	$ 448,491	$ 15,899
Net income (loss) before taxes	$(11,723,654)	$ (2,643,787)	$ 171,820	$ 15,899
Net income (loss)	$(11,723,654)	$ (2,587,753)	$ 115,241	$ 12,384
Basic earnings (loss) per share				
Continuing operations	$ (0.28)	$ (0.04)	$ (0.02)	$ --
Discontinued operations	$ (0.08	$ (0.08)	$ 0.03	$ --
Diluted earnings (loss) per share				
Continuing operations	$ (0.28)	$ (0.04)	$ (0.01)	$ --
Discontinued operations	$ (0.08	$ (0.08)	$ 0.02	$ --

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Our actual future results could differ materially from our historical results of operations and those discussed in the forward-looking statements. All period references are from September 22, 1997, commencement of operations, through March 31, 1998 and the years ended March 31, 1999, 2000, and 2001.

GENERAL

The presentation includes a discussion of us with our wholly owned subsidiaries, NDSCo.com, Inc., AutoTradeCenter Remarketing Services, Inc. formerly Walden Remarketing Services, Inc., and BusinessTradeCenter.com Inc., as well as subsidiaries in which we formerly carried out our land-based operations. These subsidiaries are Auto Network Group of Arizona, Inc., Auto Network Group of New Mexico, Inc., Auto Network Group Northwest, Inc., Auto Network Group of Eastern Pa., Inc., Auto Group of San Antonio Ltd., Auto Network Group of Denver Inc., and Pinnacle Dealer Services, Inc.

As of December 29, 2000, we sold our interest in our land-based operations in Albuquerque, New Mexico; San Antonio, Texas; and Bend, Oregon to Automotive Disposition Management Services, Inc., an affiliated Arizona corporation, in exchange for a 16% interest in Automotive Disposition. Automotive Disposition is a private company owned by Jules Gollins, the manager of the New Mexico land-based operation, and by Mark Moldenhauer, one of our founders, a principal shareholder, and former officer and director. We disposed of our land-based operations in Scottsdale, Arizona, as of February 28, 2001, thereby discontinuing all land-based operations and allowing us to focus on providing automotive remarketing services via the Internet.

As a result of the disposition of our land-based operations, as further described in the following paragraphs, the trend information should be carefully read and evaluated. See "Anticipated Trends and Plan of Operations" beginning at page 17.

OVERVIEW

We began operations on September 22, 1997 and completed our first fiscal year on March 31, 1998. On June 1, 1998, we opened the office and warehouse facility in Albuquerque, New Mexico. We acquired Pinnacle Dealer Services, Inc. in August 1998 to provide financing for the purchase of vehicles. On July 20, 1999, we opened our office and warehouse facility in Bend, Oregon. On April 1, 2000, we began operations in the Philadelphia, Pennsylvania area, with the incorporation of Auto Network Group of Eastern Pa., Inc. At the same time, we began operations in San Antonio, Texas, with the establishment of Auto Group of San Antonio Ltd., a Texas limited partnership. In each of these transactions, we entered into a management consulting agreement with the individual or entity responsible for managing each respective operation. Under these agreements, certain of our common shares were issued to such managers, subject to forfeiture based on both future earnings levels and continuity of management. In addition, we made stock options available to these managers, which could be earned based on future performance. On August 2, 2000, we formed a new wholly owned subsidiary, Auto Network Group of Denver, Inc., and leased a

facility in Denver, Colorado.

In January 1999, we announced the development of our Internet site WWW.AUTOTRADECENTER.COM. No revenues have been generated from the operations of this site, which is now used for informational purposes only. However, effective February 1, 2000, a new web site developed for American Honda Finance Corporation, powered by our technology, began generating revenue. We generated $291,587 of revenue in the year ended March 31, 2000 from remarketing activities that were not related either to our Internet remarketing business or our land-based operations. See the discussion about Walden Remarketing on page 13. Our existing remarketing agreement with Honda Finance Corporation gives us an exclusive contract to remarket, over the Internet through January 31, 2004, all of the vehicles returned to Honda and Acura after termination of a lease. These are referred to in the industry as "off-lease" vehicles. The Honda web site, www.hfcarsales.com, became operational in all Honda and Acura dealerships by June 15, 2000 upon completion of a phase in period beginning April 2000. We developed a pilot program for Suzuki, similar to the program developed for Honda, utilizing our Internet technology systems and procedures to remarket their program vehicles to dealers. The Suzuki pilot program began in September 2000 (www.suzukiproline.com) and we signed an agreement with Suzuki in January 2001 to remarket their program cars over the Internet for a one-year period. In April of 2001, we entered into an agreement to remarket off-lease Volvo vehicles with Volvo Finance North America for 15 months, commencing April 30, 2001. We anticipate the Volvo Finance web site, www.volvoride.com, will be completed by August 15, 2001.

Due to the discontinuance of our land-based operations, we now focus all of our efforts on remarketing vehicles over the Internet.

RESULTS OF OPERATIONS

Our financial statements since our inception in 1997 reflect Internet operations as continuing operations and land-based operations as discontinued operations, even though we did not generate any revenue from our Internet remarketing operations until April 2000. On November 30, 2000, our management and Board of Directors decided to discontinue all of our land-based operations. We believe that our best opportunity to maximize profitability and shareholder value is to concentrate all of our efforts on remarketing used vehicles utilizing the Internet as the backbone of our operations. We sold our land-based subsidiaries in New Mexico, Oregon, and Texas on December 29, 2000, and closed our operations in Pennsylvania and Colorado by the end of the year. We began to

down size our Scottsdale, Arizona operations in December 2000, and transferred these operations to certain of the independent-contractor brokers who formerly purchased and sold vehicles for us primarily in Scottsdale, Arizona, effective February 28, 2001.

The following schedule shows the computation of the loss resulting from discontinuing our land-based operations:

<TABLE>
<CAPTION>

Loss from sale of Albuquerque, Bend, and San Antonio operations:

<S>	<C>	<C>
Carrying value	$1,596,933	
Sales price	1,200,000	
Loss	396,933	
Unamortized goodwill	351,542	
Total loss		$ 748,475
Loss from transfer and closing of Scottsdale operation:		
Sale of equipment	17,793	
Inventory losses due to sale	425,693	
Uncollectible brokers accounts	593,635	
Costs of closing operations	226,461	
Accrued future costs of closing operations	50,000	
		1,313,582
Loss from closing Pennsylvania		277,388
Total loss from discontinuing land-based segment		$2,339,445

</TABLE>

The following statement of operations for the land-based operations

reflects the details of these operations for the periods herein presented:

RESULTS OF OPERATIONS OF DISCONTINUED LAND-BASED OPERATIONS:

	FOR THE YEAR ENDED		
	3/31/01*	3/31/00	3/31/99
Net sales	$ 123,171,010	$ 131,569,705	$ 97,665,410
Cost of sales	117,257,094	125,770,135	93,388,836
Gross profit	5,913,916	5,799,570	4,276,574
Operating expenses			
Selling	4,376,272	3,843,922	2,772,192
General and administrative	1,199,064	1,783,874	679,383
Bad debt expenses	75,000	1,045,970	90,055
Depreciation and amortization	36,165	38,428	3,816
Total operating expenses	5,686,501	6,712,194	3,545,446
Income (loss) from operations	227,415	(912,624)	731,128
Other income (expense):			
Miscellaneous	139,599	102,133	70,686
Interest expense	(690,853)	(887,094)	(353,323)
Total other income (expense) - net	(551,254)	(784,961)	(282,637)
Net income (loss) before income taxes	$ (323,839)	$ (1,697,585)	$ 448,491

* Through 12/31/00 - date of discontinuance

Net losses from continuing operations were $9,060,369 ($0.28 per share), $946,202 ($0.04 per share), and $276,671 ($0.02 per share) for the fiscal years ended March 31, 2001, 2000, and 1999, respectively.

Total net losses (including discontinued operations) were $11,723,654 ($0.36 per share) and $2,587,753 ($0.12 per share) for the fiscal years ended March 31, 2001 and 2000. We had net income of $115,241 ($0.01 per share) for the year ended March 31, 1999.

Net sales from continuing operations were $891,423, $291,587, and nil for our fiscal years ended March 31, 2001, 2000, and 1999, respectively. Substantially all revenue for the year ended March 31, 2001 was earned from remarketing 22,173 Honda and Acura vehicles under our contract with American Honda Finance Corporation. For the fiscal year ended March 31, 2000, all revenue was earned during the first part of the year by AutoTradeCenter Remarketing Services Inc. from contracts entered into by Walden Remarketing Services prior to our acquisition of that company. These contracts were with American Honda Finance and others. The revenue derived from these contracts resulted from services provided by us to encourage dealers to attend and purchase off-lease and other vehicles at auctions. None of this revenue resulted from Internet activities, and it ceased upon expiration of the contracts in July and August of 1999.

Operating expenses from continuing operations were $9,849,903, $1,174,333, and $213,215 for the fiscal years ended March 31, 2001, 2000, and 1999, respectively. The increase in general and administrative expenses in the fiscal year ended March 31, 2001, as compared to our fiscal year ended March 31, 2000, primarily resulted from the expansion of our Internet operations to remarket off-lease and program vehicles. Included in expenses related to our new business plan are $342,089 for hosting and maintaining our Honda and Suzuki web sites and expenses to maintain a call center to serve all Honda, Acura, and Suzuki dealers 24 hours a day, 7 days per week. Sales and marketing expenses including salary, travel, and other website sales promotion totaled $730,883. Operating expenses for the year included all of our corporate overhead costs. During the fiscal year ended March 31, 2001, we expensed legal, accounting, and professional fees of $579,155, outside consulting fees including directors fees

and other costs related to public relations of $473,788, rent expenses of $187,431, and general and administrative costs of $385,083. The increase in these costs, in addition to our expanded Internet operations, also can be attributed, in part, to expenses associated with our registration process, costs associated with our capital raising efforts, enhancements of our accounting and management information systems, and costs associated with the hiring and training of personnel.

For the fiscal year ended March 31, 2000, operating expenses included all direct costs and salaries related to continuing operations plus an allocation of executive salary and administrative costs from our land-based operations.

While there were no revenues generated in fiscal 1999, we had operating expenses of $213,215. Operating expenses for 1999 included certain allocations of corporate overhead and interest expense from our land-based operations.

Depreciation primarily is capitalized software costs resulting from the acquisitions of minority interest in BusinessTradeCenter.com and the acquisition of NDSCo.com, as well as from computers and equipment required to run our Internet sites and office furniture and equipment. Depreciation and amortization related to continuing operations increased to $3,836,788 for the fiscal year ended March 31, 2001, as compared to $319,800 and $24,042 for the fiscal years ended March 31, 2000 and 1999, respectively. Included in depreciation and amortization for the fiscal year ended March 31, 2001 are $3,265,247 for depreciation of software acquired when we purchased the minority interest in BusinessTradeCenter.com and amortization of $198,538 of goodwill resulting from our acquisition (during our fiscal year ended March 31, 2000) of Walden Remarketing. The balance of depreciation expense resulted from depreciation of our furniture, fixtures, and computer hardware.

We also recorded a charge for the loss on disposal of impaired software of $2,261,486. This software was acquired from NDSCo.com as part of the purchase price when we acquired NDSCo on March 31, 2000. This software that assists in dealer-to-dealer Internet exchanges of used vehicles does not fit in our current business plan of remarketing off-lease and program cars. Since we cannot determine when or if we will use the software, we are unable to assess its value and accordingly consider it impaired.

During the fiscal year ended March 31, 2000, depreciation and amortization charges of $319,800 included amortization of $198,538 for goodwill relating to our acquisition of Walden Remarketing, in addition to depreciation of furniture, fixtures, and computer hardware. For our fiscal year ended March 31, 1999, depreciation of furniture, fixtures, and computer hardware totaled $24,042.

Interest expense for the fiscal years ended March 31, 2001, 2000, and 1999 of $106,888, $63,456, and $63,456, respectively, was from interest charges on related party debt allocated to continuing operations. The balance of interest expense from related party debt was included in the results of our discontinued operations.

FLUCTUATIONS IN OPERATING RESULTS

We have had limited experience to determine if our operations will be subjected to major fluctuations or trends. Historically, the used car market has remained relatively stable as an industry. Industry projections over the next few years indicate there will be an upward trend in used car sales. Vehicles coming off-lease during the next three years are predicted to remain relatively constant as are the availability of program cars. However, there can be no assurance that our sales will parallel industry projections or that industry projections will materialize.

FINANCIAL CONDITION

ASSETS. As a result of our decision to discontinue our land-based operations, our total assets decreased to $10,267,582 at March 31, 2001, from $20,102,747 at March 31, 2000. This decrease primarily results from the substantial completion of the sale of assets formerly used in our land-based operations (as is reflected in the following schedule) and our use of cash in funding operations. Total assets also declined due to non-cash depreciation and amortization of our software, furniture and equipment, and goodwill, and the write-off of impaired software.

The following table reflects the detail of our net assets from discontinued operations:

AUTOTRADECENTER.COM INC.
SCHEDULE OF NET ASSETS FROM DISCONTINUED OPERATIONS
<TABLE>
<CAPTION>

	March 31, 2001	March 31, 2000
Assets		
<S>	<C>	<C>
Accounts receivable - trade, net	$60,659	$ 5,743,845
Accounts receivable - employees and brokers, net	--	332,122
Inventory	28,000	4,648,492
Goodwill and property and equipment	--	316,311
Total Assets	88,659	11,040,770
Liabilities		
Accounts payable - trade	66,847	4,401,858
Notes payable - related party and other	--	5,376,821
Accrued liabilities	--	238,925
	66,847	10,017,604
Net Assets from Discontinued Operations	$21,812	$ 1,023,166

</TABLE>

Total assets were $20,102,747 at March 31, 2000, an increase of $15,311,930 from total assets of $4,790,817 at March 31, 1999. A substantial amount of this increase is reflected in net software that increased from $5,442 at March 31, 1999 to $12,013,608 at March 31, 2000. The increase is due to our acquisitions of other entities for shares of our common stock and other consideration described below. Other increases in assets included an increase in cash of $4,057,986 from the proceeds of the sale in a private placement of our Series C and Series D convertible preferred stock, an increase in the carrying value of net assets for discontinued operations, and purchases of property and equipment.

- NATIONAL DEALER SERVICES CO. ("NDSCO")

On March 1, 2000, we acquired NDSCo by issuing to its shareholders a total of 1,100,000 restricted shares of common stock, valued at $2.55 per share, in exchange for the outstanding NDSCo shares. Of the purchase price, $2,039,123 was allocated to the cost of software. During the fiscal year ended March 31, 2001, this entire undepreciated cost was charged to expense as a loss on impaired software as we no longer could determine its fair value, if any.

- AUTOTRADECENTER REMARKETING SERVICES & WALDEN REMARKETING SERVICES, INC. ("WALDEN REMARKETING")

On March 31, 1999, we acquired Walden Remarketing by issuing to its shareholders a total of 2,050,000 restricted shares of common stock, cash of $125,000, and a promissory note in the principal amount of $425,000. We valued the common stock at its estimated fair market value of $0.71 per share for a total of $1,450,000. The promissory note accrued interest at the rate of 12% per annum and required us to make 18 equal monthly payments of principal and interest beginning May 1, 1999. At December 31, 1999, we converted the remaining principal balance of the note ($314,475) into 314,475 shares of common stock. The excess of the purchase price over the fair value of the net assets acquired (goodwill) was $1,985,383 and is being amortized on a straight-line basis over 10 years.

- BUSINESS TRADECENTER.COM INC. ("BTC")

On January 7, 1999, we incorporated BTC in Arizona to facilitate the buying and selling of vehicles at wholesale between dealers on the Internet. BTC has developed the technology and systems necessary to make our inventory, as well as the inventory of member dealers, available for purchase and sale on our Internet site. On March 23, 2000, we acquired the remaining 45% minority interest of BTC by issuing 5,000,000 shares of common stock, valued at $1.88 per share, which represented management's estimate of the fair market value of the common stock on that date, and paying off a convertible $200,000 note. Of the purchase price, $9,374,550 was considered the value of the BTC software, certain of which was being completed pursuant to our contract to provide Internet

marketing of American Honda Finance Corporation's off-lease vehicles. The carrying value of this software is being depreciated over 36 months.

LIABILITIES. Current liabilities at March 31, 2001 decreased to $446,039 from $1,118,542 at March 31, 2000, primarily due to the repayment of our revolving note payable to Wells Fargo Business Credit in February 2001. Long-term debt due to related parties was $538,307 at March 31, 2001, as compared to $528,807 due to the same parties at March 31, 2000 and March 31, 1999. Our long-term debt is due April 1, 2002.

STOCKHOLDERS' EQUITY. Stockholders' equity decreased from $18,455,398 at March 31, 2000, to $9,282,736 at March 31, 2001. The decrease primarily resulted from our net loss for the fiscal year ended March 31, 2001 of $11,723,654 offset by: $1,452,487 of proceeds from private placement of common shares in March 2001, cash received from the exercise of stock options of $498,550, common stock issued for services of $299,955, and the conversion of a note payable of $300,000 into common shares. Stockholders' equity increased from $2,911,064 at March 31, 1999 to $18,455,398 at March 31, 2000. The increase is attributable to: $4,766,341 of net proceeds from the sale in a private placement of our Series C and series D preferred shares; $9,375,000 from the issuance of common shares to acquire the minority interest in a subsidiary (BTC); $2,801,590 from the issuance of common shares to acquire a wholly owned subsidiary (NDSCo.); $250,000 of net proceeds from the sale of common stock as a result of exercise of options and warrants; the issuance of common stock valued at $193,401 in connection with the acquisition of our Northwest subsidiary; $80,000 in common shares issued for software development; $314,475 relating to a conversion of debt to equity; and $351,280 for the fair value of stock options granted. These increases were offset by our net loss for the year of $2,587,753.

During February 2000 we issued 20,800 shares of Series C preferred stock ("Series C") for $2,080,000. Each share of Series C preferred stock is convertible, at the option of the holder, at any time, into 80 shares of Common Stock of the Corporation, which is based on the initial conversion price of $1.25. We assigned an intrinsic value of $1,697,280 to this conversion feature. As a result, a constructive dividend in this amount was charged to retained earnings with a corresponding increase in common stock. Each share of Series C preferred stock is entitled to a $100 liquidation preference over common stockholders. The Series C preferred stock is non-voting. We have

the right and option upon notice to the holders of the Series C preferred stock to call, redeem, and acquire any or all of the shares of Series C preferred stock at a price equal to $110.00 per share, at any time to the extent such shares have not previously converted to common stock pursuant to the terms described above; provided, however, that the holders of the Series C preferred stock shall, in any event, have the right during the 30-day period immediately following the date of the Notice of Redemption, which shall fix the date for redemption, to convert their shares of Series C preferred stock.

During February 2000 we issued 31,200 shares of Series D preferred stock ("Series D") for $3,120,000. Each share of Series D preferred stock is convertible, at the option of the holder, at any time, into shares of Common Stock of the Corporation equal to $100.00 divided by the conversion price which shall be equal to 65% of the average closing bid price for the common stock for the 10 trading days immediately preceding the date of conversion. The maximum conversion price shall be $4.00 per share. We assigned an intrinsic value of $1,680,000 to this conversion feature. As a result, a constructive dividend in this amount was charged to retained earnings with a corresponding increase in common stock. Each share of Series D preferred stock is entitled to a $100 liquidation preference over common stockholders. The Series D preferred stock is non-voting. We have the right and option upon notice to the holders of the Series D preferred stock to call, redeem, and acquire any or all of the shares of Series D preferred stock at a price equal to $110.00 per share, at any time to the extent such shares have not previously converted to common stock pursuant to the terms described above; provided, however, that the holders of the Series D preferred stock shall, in any event, have the right during the 30-day period immediately following the date of the Notice of Redemption, which shall fix the date for redemption, to convert their shares of Series D preferred stock in accordance with the terms described above.

In accordance with the terms of the Series C and D preferred stock, the Company was deemed to issue an additional 2% (416 shares of Series C and 624 shares of Series D) to the shareholders. As the additional shares were considered to be a cost of issuance, their cost was capitalized to the related equity account. The conversion price for the Series C preferred stock was subsequently reduced to $0.75.

During our fiscal year ended March 31, 2001, holders of $981,708 and

$1,632,508 of our Series C and D preferred stock (9,682 and 16,664 shares, respectively) elected to convert such shares to 3,352,663 common shares based on the formulae contained in the terms of the preferred shares. On May 17, 2000, we filed a registration statement to register the resale of the common shares issued or to be issued upon conversion of the Series C and Series D preferred stock. That registration is still in process.

LIQUIDITY AND CAPITAL RESOURCES

Working capital (current assets minus current liabilities) was $182,556 at March 31, 2001, as compared to working capital at March 31, 2000 of $4,370,634. The decrease of $4,188,078 substantially is due to the decrease in cash of $4,146,670 and the decrease in assets from discontinued operations offset by the increases in receivables and the repayment of our revolving line of credit with Wells Fargo.

We used cash of $4,371,599 in our operating activities for the fiscal year ended March 31, 2001, the major components of which were our net losses for the period from continuing operations of $9,060,369, discontinued operations of $323,839, and discontinuance of land-based operations of $2,339,445. Cash primarily was provided by the non-cash charges for depreciation and amortization of $3,836,788, plus the non-cash loss on disposal of impaired assets of $2,261,486. An additional non-cash expense related to the issuance of stock and options for services valued at $299,955. Other accounts affecting our cash balances included cash received from liquidation of assets of discontinued operations of $1,001,354, an additional short-term loan from a related party, and increases in accounts payable and accrued liabilities offset by an increase in accounts receivable.

For the fiscal year ended March 31, 2000, net cash used in operating activities was $742,328. The major component contributing to the cash used in operations for the fiscal year ended March 31, 2000 were our net losses for the period of $946,202 and $1,641,551 from continuing operations and discontinued operations, respectively. Cash primarily was provided by the non-cash charges for depreciation and amortization of $319,800 and the additional non-cash expense related to the issuance of stock and options for services valued at $351,280. Other accounts affecting our cash balances included cash received from discontinued operations of $1,257,062 and small changes, both positive and negative, to other current assets and liabilities.

For the fiscal year ended March 31, 1999, net cash used in operating activities was $1,682,760. The major components contributing to the cash used in operations for the fiscal year ended March 31, 1999 were our net income (loss) for the period of $(226,369) and $341,610 from continuing operations and discontinued operations, respectively. Cash was provided by the non-cash charges for depreciation and amortization of $24,042 and the additional non-cash expense related to the issuance of stock and options for services valued at $23,083. We used $1,823,695 to acquire assets for our discontinued land-based operations. Cash balances also were affected by small changes, both positive and negative, to other current assets and liabilities.

Our investing activities for the fiscal years ended March 31, 2001, 2000, and 1999 used cash of $1,123,690, $374,420, and $188,832, respectively. For the fiscal year ended March 31, 2001, cash was used primarily for the purchase of computer hardware and software required for business expansion and our e-commerce and Internet operations, and offset by the sale of certain company-owned vehicles. For the fiscal year ended March 31, 2000, we acquired computer software and hardware, company cars, and office furniture and fixtures. Our investing activities for the fiscal year ended March 31, 1999 also were for similar items. In addition, we used $70,906 in an acquisition.

Financing activities provided net cash of $1,148,619 for our fiscal year ended March 31, 2001, as compared to $5,174,734 and $2,169,344 during the previous two years, respectively. Increases in cash included $1,452,487 from the proceeds of the sale of 5,865,212 common shares in March 2001, $498,550 in proceeds received from the exercise of previously issued stock options, and additional borrowings of $310,000 from related parties. Our related party debt of $738,807 is due April 1, 2002. We used $1,112,418 to repay the Wells Fargo Business Credit, Inc. line of credit that had provided sufficient short-term liquidity and capital to implement our business plan, including the expansion into other markets. The note that evidenced this obligation to Wells Fargo Business Credit bore interest at 1.5% over prime and was extended from its original due date of March 31, 2000 to January 31, 2001. At March 31, 2000 our bank line of credit was $1,112,418. On February 16, 2001 we repaid Wells Fargo Business Credit in full.

For our fiscal year ended March 31, 2000, we supported our cash needs by net borrowings of $158,393 and proceeds from the issuance of convertible preferred stock and common stock of $4,766,341 and $250,000, respectively.

For the fiscal year ended March 31, 1999, cash needs were supplied by net borrowings of $1,268,500 and the issuance of long-term debt and convertible preferred stock for $528,807 and $372,037, respectively.

ANTICIPATED TRENDS AND PLAN OF OPERATION

We intend to continue the development of our Internet sites. We believe that focusing on providing automotive remarketing services via the Internet will improve our long-term prospects for profitability. While the land-based operations generated a substantial amount of revenue, the gross profit margins were low and insufficient to cover operating expenses relating to the land-based operations. These operating expenses consisted primarily of selling commissions, interest expenses (for financing inventory and accounts receivable), bad debt expense, and office overhead. In addition, the land-based operations were capital-intensive. In contrast, the Internet operations generate a lower amount of revenue, but result in higher profit margins.

Our agreement with American Honda Finance Corporation will generate revenues for the next three years. We anticipate a greater number of car sales on our Honda website resulting in increased revenues in the months to come as a larger number of vehicles are being returned upon termination of leases and will be available to all Honda and Acura dealers in the United States. In addition our amended contract with American Honda Finance Corporation will provide additional revenue for each car sold on our website. With the definitive agreement signed with American Suzuki Motor Corporation in January 2001, we expect to generate added revenue from the Suzuki site. We entered into an agreement to remarket off-lease Volvo vehicles with Volvo Finance North America for 15 months, commencing April 30, 2001. We anticipate the Volvo Finance web site, www.volvoride.com, will be completed by August 15, 2001. We anticipate entering into similar contracts with other manufacturers and financial institutions to assist them in remarketing their inventories of used vehicles; however, no such other contracts exist at this time.

The Company has sustained operating losses and negative cash flow since its inception, resulting in little tangible net worth at March 31, 2001. Currently we are operating at a cash flow deficit as revenues from Internet

operations do not cover operating expenses. We project that cash flow from operations will reach a break-even level during our quarter ended December 31, 2001. Accordingly, we require no less than $1,300,000 of cash through external sources to fund our operations and service our long and short-term debt until we achieve positive cash flow from operations. We plan to finance this deficit from additional capital in the form of equity or debt or both to be raised in a private placement. In the event this capital is not raised, our Internet operations will be severely limited and meeting our existing overhead will be difficult. This limitation adversely may affect shareholder value.

We have addressed these concerns by: (1) obtaining a new line of credit, effective July 26, 2001, for up to $1,300,000 to fund our operating needs until the projected future revenue sources are developed; (2) Continuing our efforts to raise up to an additional $500,000 under terms similar to those of the private placement of equity securities in March and April of 2001; (3) Implementing plans to generate positive cash flow and operating profits by increasing revenues through the expansion of our Internet remarketing of off-lease and program vehicles with our current customers and others and development of new products and services for our current customer base and others; and (4) further reducing our cash requirements for software and website development and continuing to reduce our costs of operations.

There is no assurance, however, that the Company will be able to implement its business plan as outlined above. In the event that the Company is unable to obtain positive cash flow prior to exhausting its new line of credit, it must obtain additional financing in the form of equity or debt to continue operations.

SUBSEQUENT EVENT

On July 26, 2001, we entered into a financing arrangement with Eagle Capital Group, LLC ("Eagle"), a private company, which provides for a line of credit up to $1,300,000. The loan provides for an initial advance of $250,000, followed by a thirty-day review period during which Eagle will complete its legal due diligence with respect to, among other items, the Company's intellectual property. The review period grants Eagle the right to discontinue

funding of the line of credit if the Company's intellectual property is deficient in certain material respects. The loan is due June 30, 2002. It bears interest at the rate of 12% per annum payable monthly. We paid a commitment fee of $13,000 and are obligated to pay a one percent (1%) facility fee of up to $13,000 each quarter. We also are required to pay monthly principal payments of not less than 5% of the outstanding loan balance once we achieve positive cash flow. The loan is secured by all assets including, but not limited to, furniture, fixtures, leasehold, personal property, and intellectual property.

The loan is convertible into our common stock at any time before the due date thereof, including any extensions, at the lesser of the average bid price following the date of the first advance and the earlier of the conversion date or the termination date or $0.10 per share. We also issued Eagle a warrant which allows Eagle, for a period of 90 days from the termination date of the loan, to purchase common shares at $0.10 per share in an amount equal to the difference between (a) 13,000,000 and (b) the number of shares of common stock issued upon prior conversion of any amounts under the loan.

In addition, we issued a warrant to Eagle that allows Eagle to purchase, for a period of up to five years, up to 6,500,000 shares of common stock at an exercise price of $0.125 per share. If we prepay the loan in full at any time prior to December 31, 2001, we will issue to Eagle 1,500,000 shares of common stock as consideration.

In addition, we issued to Eagle 1,300 shares Series E preferred stock, at a par value of $0.10 per share. The Series E preferred stock grants Eagle the right to vote an equivalent of 13,000,000 common shares. Eagle will have two representatives on our board of directors.

We also entered into a Facilities Use and Administrative Services Agreement with an affiliate of Eagle for the use of office facilities, software development, marketing, accounting, and other management services that may vary from time to time. The fee for these services will be negotiated between the parties in good faith as business practices and circumstances change.

On July 26, 2001, as part of the agreement with Eagle, we consolidated the notes payable to Pinnacle Financial and Mark Moldenhauer of $336,807 and $402,000, respectively. The consolidated note bears interest at 12% payable monthly. In addition, we are obligated to make principal payments of $25,000 per month in November

and December 2001, and $50,000 per month principal payments from January 2002 through May 2002. The balance of the note is due June 30, 2002. Any principal payment may be converted into common stock at the sole discretion of the lender at the rate of $0.10 per share, upon three days written notice. We also issued a warrant to purchase one share of common stock for every two shares of common stock received upon conversion. The warrant exercise price is $0.125 per share and expires five years from issuance. The note is subordinated to the first lien of Eagle.

As a result of this transaction, we are required to reset the pricing of the units sold in March through April, 2001 pursuant to a private placement. The anti-dilution clause contained in the private placement required us to issue 9,948,027 shares of our common stock and 4,959,013 additional stock purchase warrants exercisable at $0.125 per share.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See the financial statements beginning with page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The officers and directors of the company are as follows:

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Roger L. Butterwick	53	President, Treasurer and Director
John E. Rowlett	51	Vice President, Secretary, Chief Operating Officer and Director
Michael H. Feinstein	66	Chief Financial Officer
Mark R. Jensen	36	Chief Technology Officer and Vice President of Internet Operations
John Houck	63	Director
James Kaiser	57	Director
David Livingston	67	Director
R. Gary McCauley	58	Director
L. David Sikes	59	Director
A. Marvin Strait	67	Director

</TABLE>

The term of office of each director of our company ends at the next annual meeting of our stockholders or when such director's successor is elected and qualifies. No date for the next annual meeting of stockholders is specified in our Bylaws or has been fixed by the board of directors. The term of office of each officer of our company ends at the next annual meeting of our board of directors, expected to take place immediately after the next annual meeting of stockholders, or when such officer's successor is elected and qualifies.

ROGER L. BUTTERWICK has been the President and a director of our company since December 8, 1999 and our Treasurer since April 2, 1999. Prior to joining our company, Mr. Butterwick devoted the majority of his time as a partner in Cambridge Management Associates, LLP, an organization in the business of structuring and securing financing for developing organizations. Previously, Mr. Butterwick was an owner of Lehman, Butterwick & Company, P.C., a large local certified public accounting firm located in Denver, Colorado. In addition, he has been involved with the finance and mortgage banking industries. Mr. Butterwick received his Bachelor of Science in Business Administration from the University of Denver. He is a member of the American Institute of CPA's. Mr. Butterwick is a full-time employee of our company.

JOHN E. ROWLETT has been the Secretary and a director of our company since December 8, 1999. Mr. Rowlett is a 25-year veteran of the automobile business. He has extensive expertise in all areas of dealership management, including facility design, development and maintenance, sales, sales management, general management, finance, CSI, wholesaling, reconditioning, parts, service and body shop management, forecasting, budgeting, policy administration, inventory acquisition and control, market trends, and financial management. Mr. Rowlett has been charged with the responsibility of managing large retail mega-dealerships involving multiple locations and new car store franchises. Accomplishments include:

- Graduate of Chrysler Corporation's Dealer Academy
- Experienced in turnarounds and rapid growth transitions, outstanding history of rehabilitation of marginal or unprofitable dealerships.
- Accomplished in marketing, product development, operations and direct sales of diverse product lines.
- Effective in all phases of labor relations, including recruiting, hiring, training, motivating and supervising.

MICHAEL H. FEINSTEIN has been the Chief Financial Officer of our company since May 2000. Mr. Feinstein also serves as a director and the chairman of the audit committee of Styling Technology Incorporated of Scottsdale, Arizona, a publicly-held manufacturer and distributor of beauty salon products. He has held this position since June 1997. From May 1998 to April 2000, Mr. Feinstein has provided business consulting services in Phoenix, Arizona, in addition to serving for a period of time as the President of a private company engaged in manufacturing located in Tempe, Arizona. From July 1995 to May 1998, he served as the chief financial officer for Monaco Finance, Inc., of

Denver, Colorado, a sub-prime automobile finance company formerly listed on NASDAQ. He was the executive vice president and later president of American Southwest Holdings, Inc., of Phoenix, Arizona, engaged in the mortgage securitization industry. From 1983 to 1993, Mr. Feinstein was the chief financial officer for MDC Holdings, Inc. and Asset Investors Corporation, both based in Denver, Colorado and traded on the New York Stock Exchange. MDC Holdings is one of the largest homebuilders in the United States and Asset Investors is a real estate investment trust. Prior to 1983, he was a partner with the national public accounting firm of Deloitte and Touche. Mr. Feinstein is a graduate of the Wharton School of the University of Pennsylvania. He obtained his CPA certificate from Colorado and has been a member of the American Institute of CPA's.

MARK R. JENSEN has been our Chief Technology Officer since March 2000. He is responsible for all operations that relate to our Internet initiatives. Mr. Jensen joined us from NDSCo.com, a privately-held Internet automotive remarketing company that we acquired in March 2000. As acting chief operations officer, he managed NDSCo.com's business operations from April 1999 to March 2000. Mr. Jensen founded The Deanox Group, Inc. in 1989 and operated that company until 1998. As a privately-held company in Logan, Utah, The Deanox Group provided computer software, hardware, and consulting services to customers desiring to apply computer technologies to their business operations. Mr. Jensen has been a frequent speaker and trainer for groups and academic forums including the State of Utah, Utah State University, Bernina of America, Weber State College, Mountain West Center for Regional Studies, Utah State Continuing Education Department, and the Office of the Governor for the State of Utah.

JOHN HOUCK has been a director since November 2000. Mr. Houck retired in December 1998 from Toyota Motor Credit, where he had served as manager of its Phoenix, Arizona, branch office since June 1987. From December 1966 to May 1987, he worked with Ford Motor Credit, serving in the capacity of branch manager in Honolulu, Hawaii.

JAMES KAISER has been a director since November 2000. Mr. Kaiser has been the chairman, chief executive officer, and a director of Avenir Partners Inc., a privately-owned franchised automobile dealership located in Memphis, Tennessee, since December 1998. He has also been the president of Kaiser Services, LLC, a business development company, located in Manhattan Beach, California, since 1998. From 1994 to 1996, Mr. Kaiser was the president, chief executive officer, and a director of Quanterra Inc., a subsidiary jointly owned by Corning Inc. and International Technology Inc., engaged in the business of environmental testing laboratories and located in Denver, Colorado. Mr. Kaiser serves as a director of the following public companies: Sunoco, Inc. since 1993; and The Mead Corporation since 1995.

DAVID LIVINGSTON has been a director since November 2000. Since December 1995, Mr. Livingston has been the managing partner of The Corporate Development Group, a private firm located in Mission Viejo, California offering corporate development and investment banking services. He was the executive vice president of the Bank of New Mexico (a Western Bancorporation/First Interstate Bancorporation bank) from 1962 to 1970 and chairman, chief executive officer, and a director of First National Bank of Albuquerque from January 1970 to March 1975. During his career, Mr. Livingston has served on numerous boards for corporate, civic, and charitable organizations. He is also the current chairman of David Livingston & Associates, Inc., dba Pacific-Southwest Capital Group since 1975.

R. GARY MCCAULEY has been a director since November 2000. Since 1964, he has owned and/or operated a number of private businesses. Mr. McCauley has been the owner, developer, and manager of retail shopping centers in Florida and Colorado since 1986. In addition, since 1972, he has held oil and gas interests through D&G Enterprises, a private company co-owned by him. He has owned and been the president and/or general manager of various automobile dealerships from time to time: Scott Toyota, Inc, Scottsdale, Arizona (1998-2000); McCauley Mazda, Phoenix, Arizona (1989-1990); McCauley Oldsmobile/Honda, Colorado Springs, Colorado (1977-1990); McCauley Volkswagen, Albuquerque, New Mexico (1966-1977); and McCauley Volkswagen, Yuma, Arizona (1964-1966). From 1979 to 1990, Mr. McCauley was the co-founder and an officer of Sunwest Life Insurance Co., which provided life, accident, health, and extended warranty insurance products to over 50 automobile dealerships in the western United States.

L. DAVID SIKES has been a director since November 2000. Since March 1995, Mr. Sikes has been the chairman and chief executive officer of Ramtron International Corporation, a publicly-owned specialty semiconductor company located in Colorado Springs, Colorado. Mr. Sikes was president and chief

executive officer of the U.S. operations of ASM International N.V., a public semiconductor company domiciled in the Netherlands, from January 1990 to July 1992. His background also includes management positions with the following: vice president for the semiconductor product sector of Motorola, Inc., Phoenix, Arizona, from June 1984 to June 1987; an executive for National Semiconductor Corporation, Santa Clara, California, from July 1972 to January 1974; and an engineering management position for Eastman Kodak Company, Rochester, New York, from July 1963 to January 1967.

A. MARVIN STRAIT has been a director since November 2000. Mr. Strait has been in the practice of public accountancy under the name of A. Marvin Strait, CPA, since June 1994. He specializes in litigation support, offering consulting services with a focus on business valuation. Mr. Strait was previously the managing partner and later chairman with Strait oKushinsky and Company, P.C. in Colorado Springs, Colorado, from October 1977 to May 1993. Mr. Strait was a past chairman (1987-1988) and served on the board of directors (1983-1989) of the American Institute of Certified Public Accountants. He received the AICPA Gold Medal for Distinguished Service in 1992. Mr. Strait currently serves as a director of the following: Whitman Education Group, Inc., a publicly-held company based in Miami, Florida, since late 1998; Colorado Technical University, a private university with campuses in Colorado and South Dakota, since 1990; and Western National Bank, a privately-held bank located in Colorado Springs, Colorado, since 1996.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the remuneration for Mr. Butterwick by fiscal year, who functions as our chief executive officer. We are not required to set forth information for any officer whose total annual salary and bonus does not exceed $100,000.

<TABLE>
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SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary ($)	Bonus ($)	Other Annual Compensation($)	Long Term Compensation Awards RESTRICTED STOCK AWARD(S) ($)	Long Term Compensation Awards SECURITIES UNDERLYING OPTIONS/ SARS (#)	Long Term Compensation Payouts LTIP PAYOUTS ($)	All Other Compensation($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Roger Butterwick, President	1999	$63,000(1)<F1>	-0-	-0-	-0-	375,000	-0-	-0-
	2000	$54,000	-0-	-0-	-0-	500,000	-0-	-0-
	2001	$158,400	-0-	-0-	-0-	-0-	-0-	-0-
John Rowlett, Chief Operating Officer	2001	$144,000	-0-	-0-	-0-	325,000	-0-	-0-
Michael Feinstein, Chief Financial Officer	2001	$121,000	-0-	-0-	-0-	90,000	-0-	-0-
Mark Jensen, Chief Technology Officer	2001	$151,500	-0-	-0-	-0-	150,000	-0-	-0-

<FN>

(1)<F1> Includes $36,000 paid to Mr. Butterwick as a consultant prior to becoming President.

</FN>
</TABLE>

Currently, we pay the following monthly salaries plus car allowances:

Roger Butterwick - $13,200 John Rowlett - $12,500
Michael Feinstein - $11,000 Mark Jensen - $14,166

We reimburse all officers and directors for actual out-of-pocket expenses incurred on our behalf.

We have no retirement, pension, profit sharing or medical reimbursement plans exclusively covering our officers and directors, although we do contemplate implementing a company sponsored 401(k) plan and providing major medical and dental health insurance coverage for all employees in the near

future.

<TABLE>
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OPTION/SAR GRANTS IN LAST FISCAL YEAR

Individual Grants					Potential realizable value at assumed annual rates of stock price appreciation for option term		Alternative to (f) and (g): grant date value
Name	Number of securities underlying Options/SARs granted (#)	Percent of total options/SARs granted to employees in fiscal year	Exercise or base price ($/Sh)	Expiration date	5% ($)	10% ($)	Grant date present value $
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Roger Butterwick	125,000	4.3%	$0.91	11/29/05	$5,687.50	$11,375.00	
	250,000 (1)<F1>	8.6%	$0.91	11/29/05	$2,275.00	$4,550.00	
John Rowlett	150,000 (2)<F2>	5.1%	$0.9375	12/08/02	$2,343.75	$4,687.50	
	125,000	4.3%	$0.91	11/29/05	$5,687.50	$11,375.00	
	200,000 (3)<F3>	6.8%	$0.91	11/29/05	$1,820.00	$3,640.00	
Michael Feinstein	90,000 (4)<F4>	3.1%	$1.9375	05/01/03	$2,906.25	$5,812.50	
Mark Jensen	150,000 (5)<F5>	5.1%	$3.16	04/01/03	$7,900.00	$15,800.00	

<FN>

(1)<F1> We granted Mr. Butterwick an option for 250,000 shares, 50,000 of which was vested at the time of granting. The remainder of the options vests as to 50,000 on each anniversary of the grant date. The option is exercisable for five years from date of vesting.

(2)<F2> We granted Mr. Rowlett an option for 150,000 shares, 50,000 of which vested as of December 8, 2000. The remainder of the options vests as to 50,000 on each anniversary thereafter. The option is exercisable for two years from date of vesting.

(3)<F3> We granted Mr. Rowlett an option for 200,000 shares, 40,000 of which was vested at the time of granting. The remainder of the options vests as to 40,000 on each anniversary of the grant date. The option is exercisable for five years from date of vesting.

(4)<F4> We granted Mr. Feinstein an option for 90,000 shares, 30,000 of which vested as of May 1, 2001. The remainder of the options vests as to 30,000 on each anniversary thereafter. The option is exercisable for two years from date of vesting.

(5)<F5> We granted Mr. Jensen an option for 150,000 shares, 50,000 of which vested as of April 1, 2001. The remainder of the options vests as to 50,000 on each anniversary thereafter. The option is exercisable for two years from date of vesting.

</FN>
</TABLE>

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AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES

Name	Shares acquired on exercise (#)	Value Realized ($)	Number of securities underlying unexercised options/SARs at fiscal year end (#)	Value of unexercised in-the-money options/SARs at fiscal year end ($)
			Exercisable/ unexercisable	Exercisable/ unexercisable
<S>	<C>	<C>	<C>	<C>
Roger Butterwick	-0-	-0-	450,000/425,000	-0-/-0-
John Rowlett	-0-	-0-	215,000/260,000	-0-/-0-
Michael Feinstein	-0-	-0-	30,000/60,000	-0-/-0-
Mark Jensen	-0-	-0-	50,000/100,000	-0-/-0-

</TABLE>

In addition to the stock options granted to Mr. Butterwick shown in the above table, stock options have also been granted to Mr. Butterwick in connection with loan guarantees. In addition, certain stock options were granted to Cambridge Management Associates, LLP, an entity controlled by Mr. Butterwick, that provided contracted financial services to our company prior to Mr. Butterwick becoming an officer, as described in the section of this prospectus entitled "Certain Relationships and Related Transactions."

DIRECTORS' COMPENSATION AND COMMITTEES

We pay each non-employee director $3,000 for his attendance at both the annual stockholders' meeting and annual directors' meeting, $2,000 for his attendance at each physical meeting of the board of directors, $750 for his attendance at each physical committee meeting, and $500 for his attendance at each telephonic meeting of the board of directors. We also reimburse them for their travel expenses incurred in connection with these meetings.

We have the following committees of the board of directors:

- Audit Committee, consisting of A. Marvin Strait (committee chairman), John Houck, and Michael H. Feinstein (corporate liaison)
- Technical Committee, consisting of L. David Sikes (committee chairman), James G. Kaiser, and Mark R. Jensen (corporate liaison)
- Compensation Committee, consisting of R. Gary McCauley (committee chairman), David G. Livingston, and John E. Rowlett (corporate liaison)

STOCK OPTION PLAN

On August 5, 1997, the shareholders adopted the 1997 Stock Option Plan, which provides for the granting of both incentive stock options and non-qualified options to eligible employees, officers, and directors. The option pool is adjusted annually on the beginning of our fiscal year to a number equal to 10% of the number of shares of common stock outstanding at the end of our last completed fiscal year. At March 31, 2001, the number of shares eligible pursuant to the plan was 3,732,551. The plan is administered by the compensation committee of the board of directors or, if there is no committee, by the board of directors. A registration statement on Form S-8 was filed on May 15, 2000 registering the underlying shares of the options granted. At March 31, 2001, 2,606,729 options had vested and were eligible for exercise at a total exercise price of $3,839,320.

The plan provides that disinterested directors, defined as non-employee directors or persons who are not directors of one of our subsidiaries, will receive automatic option grants to purchase 10,000 shares of common stock upon their appointment or election to the board of directors. Options shall have an option price equal to 100% of the fair market value of our common stock on the grant date and shall have a minimum vesting period of one year from the date of grant.

Each option granted under the plan will be evidenced by a written option agreement between our company and the optionee. Incentive stock options may be granted only to employees as defined by the Internal Revenue Code. The option price of any incentive stock option may not be less than 100% of the fair market value per share on the date of grant of the option; provided, however, that any incentive stock option granted under the plan to a person owning more than 10% of the total combined voting power of our common stock will have an option price of not less than 110% of the fair market value per share on the date of grant of the incentive stock option. Each non-qualified stock option granted under the plan will be at a price no less than 85% of the fair market value per share on the date of grant thereof, except that the automatic stock option grants to disinterested directors will be at a price equal to the fair market value per share on the date of grant. The exercise period of options granted under the plan may not exceed ten years from the date of grant thereof. Incentive stock options granted to a person owning more than 10% of the total combined voting power of the common stock cannot be exercisable for more than five years. No portion of any option will be exercisable prior to the first anniversary of the grant date.

An option may not be exercised unless the optionee then is an employee, officer, or director of our company or its subsidiaries, and unless the optionee has remained continuously as an employee, officer, or director of our company since the date of grant of the option. If the optionee ceases to be an employee, officer, or director of our company or any subsidiary other than by reason of death, disability, retirement, or for cause, all options granted to such optionee, fully vested to such optionee but not yet exercised, will terminate 90

days after the date the optionee ceases to be an employee, officer, or director. All options, which are not vested to an optionee, under the conditions stated in this paragraph for which employment ceases, will immediately terminate on the date the optionee ceases employment or association.

Options have been granted under this plan as follows:

<TABLE>
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<S>	<C>
Balance, March 31, 1998	350,000
Granted	1,298,175
Exercised	0
Cancelled/expired	(125,000)
Balance, March 31, 1999	1,523,175
Granted	1,419,080
Exercised	0

Cancelled/expired	(25,000)
Balance, March 31, 2000	2,917,255
Granted	554,474
Exercised	(362,925)
Cancelled/expired	(394,885)
Balance, March 31, 2001	2,713,919

</TABLE>

2000 EQUITY INCENTIVE COMPENSATION PLAN

On November 29, 2000, the board of directors adopted the 2000 Equity Incentive Compensation Plan, which provides for granting stock options, stock appreciation rights, restricted and deferred stock, bonus stock, and other stock-based awards to officers, directors, employees, and independent contractors. The shareholders must still adopt this plan. The total number of shares of common stock that may be subject to the granting of awards under this plan at any time during the term of the plan is equal to 3,500,000 shares, plus the number of shares with respect to which awards previously granted under the plan that terminate without being exercised, and the number of shares that are surrendered in payment of any awards or any tax withholding requirements. During any fiscal year the number of options, stock appreciation rights, restricted shares of common stock, deferred shares of common stock, shares as a bonus or in lieu of other company obligations, and other stock-based awards granted to any one participant may not exceed 450,000 for each type of such award, subject to adjustment in certain circumstances. The maximum amount that may be paid out as an annual incentive award or other cash award in any fiscal year to any one participant is $2,000,000, and the maximum amount that may be earned as a performance award or other cash award in respect of a performance period by any one participant is $5,000,000.

The compensation committee of the board of directors administers this plan, and

- selects eligible persons to receive awards,
- determines the type and number of awards to be granted and the number of shares of common stock to which awards will relate,
- specifies times at which awards will be exercisable or settleable (including performance conditions that may be required as a condition thereof),
- sets other terms and conditions of awards,
- prescribes forms of award agreements,
- interprets and specify rules and regulations relating to this plan, and
- makes all other determinations that may be necessary or advisable for the administration of this plan.

The board of directors may amend, alter, suspend, discontinue or terminate this plan or the compensation committee's authority to grant awards without further stockholder approval. However, stockholders must approve any amendment or alteration if that approval is required by law or regulation or under the rules of any stock exchange or quotation system on which our shares are then listed or quoted.

Unless earlier terminated by the board of directors, this plan will terminate at such time as no shares of common stock remain available for issuance under this plan and we have no further rights or obligations with respect to outstanding awards under this plan.

Subject to approval of this plan by the stockholders, options have been granted under this plan as follows:

Granted	2,365,496
Exercised	0
Cancelled/expired	0
Balance, March 31, 2001	2,365,496

OTHER OPTIONS

In addition to the stock options granted under the 1997 stock option plan and 2000 equity incentive compensation plan, we have granted options as follows:

Balance, March 31, 1998	850,000
Granted	1,589,810
Exercised	0
Cancelled/expired	(350,000)
Balance, March 31, 1999	2,089,810
Granted	465,000
Exercised	0
Cancelled/expired	(300,000)
Balance, March 31, 2000	2,254,810
Granted	0
Exercised	(210,000)
Cancelled/expired	(75,000)
Balance, March 31, 2001	1,969,810

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table provides stock ownership information as to the officers and directors individually and as a group, and the holders of more than 5% of our common stock as of March 31, 2001:

Name and address of owner	Number of Shares Owned	Percentage Ownership Before Conversion (1) <F1>
Mark Moldenhauer 14500 N. Northsight Blvd. #213 Scottsdale, AZ 85260	4,569,000 (2)<F2>(3)<F3>	11.06%
Almond Investors, LLC 110 Colabaugh Pond Road Croton-on-Hudson, NY 10520	5,808,085 (4)<F4>	12.59%
Lloydminister Enterprises Battersea Bridge Road London, England SW11 3BG	2,500,000	6.10%
Kindersley Holdings Inc. 23 Bentinck Street London, England W1M 5R1	2,500,000	6.10%
Roger L. Butterwick	1,299,400 (5)<F5>	3.08%
R. Gary McCauley	325,000 (6)<F6>(7)<F7>	0.79%
John E. Rowlett	215,000 (6)<F6>(8)<F8>	0.52%
John Houck	125,000 (6)<F6>	0.30%

James Kaiser	125,000 (6)<F6>	0.30%
David Livingston	125,000 (6)<F6>	0.30%
L. David Sikes	125,000 (6)<F6>	0.30%
A. Marvin Strait	125,000 (6)<F6>	0.30%
Mark R. Jensen	50,000 (9)<F9>	0.12%
Michael Feinstein	30,000 (10)<F10>	0.07%
All officers and directors as a group (10 persons)	2,544,400(11)<F11>	5.86%

<FN>

(1)<F1> Where persons listed on this table have the right to obtain additional shares of common stock through the exercise of outstanding options or warrants or the conversion of convertible securities within 60 days from March 31, 2001, these additional shares are deemed to be outstanding for the purpose of computing the percentage of common stock owned by such persons, but are not deemed to be outstanding for the purpose of computing the percentage owned by any other person. Percentages are based on 40,954,759 shares outstanding.

(2)<F2> Includes 100,000 shares issuable upon the exercise of options.

(3)<F3> Includes 250,000 shares issuable upon the exercise of options.

(4)<F4> Includes 5,154,400 shares issuable upon conversion of 8,976 shares of Series C preferred stock and 9,894 shares of Series D preferred stock, assuming a conversion price of $0.25 for the Series D preferred stock. Almond did not, in connection with its acquisition of the Series C and D preferred stock, obtain any voting rights, directorships, rights to directorships, positions with us, right to positions with us, or any non-public information regarding us. Further, Almond acquired the Series C and D preferred stock in the ordinary course of business, for its own account, and not with a view to distribution and did not, at the time of such acquisition nor any time thereafter, have any agreement or understanding, directly or indirectly, with any person to distribute any portion of the Series C and D preferred stock or the common stock issuable upon conversion.

(5)<F5> Includes 99,400 shares held of record by Cambridge Consulting Group, an entity controlled by Mr. Butterwick. Includes 1,200,000 shares issuable upon the exercise of options.

(6)<F6> Includes 125,000 shares issuable upon exercise of options.

(7)<F7> Includes 200,000 shares issuable upon exercise of options.

(8)<F8> Includes 90,000 shares issuable upon exercise of options.

(9)<F9> Includes 50,000 shares issuable upon exercise of options.

(10)<F10>Includes 30,000 shares issuable upon exercise of options.

(11)<F11>Includes 2,445,000 shares issuable upon exercise of options.
</FN>
</TABLE>

On July 27, 2001, we issued 1,300 shares of Series E preferred stock to Eagle Capital Group, LLC that grants Eagle the right to vote an equivalent of 13,000,000 common shares. As a result of the transaction with Eagle, we will be issuing 9,948,027 shares of our common stock to purchasers of units sold in March through April, 2001 due to the anti-dilution clause contained in the private placement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

All of the terms of agreements and other transactions included in this section were as fair as those we could have obtained from unrelated third parties at arms-length transactions.

Jeff Erskine, Mike Stuart, and Mark Moldenhauer and their respective

spouses personally guaranteed the operating lease dated July 24, 1997, pursuant to which we lease our office and warehouse facilities in Scottsdale, Arizona. At July 24, 1997, Messrs. Erskine, Stuart, and Moldenhauer were officers, directors, and principal shareholders of our company. The lease expires September 30, 2002.

From inception, September 22, 1997, through March 31, 2001, we had entered into various lending arrangements involving officers, directors and other affiliated entities owned or controlled by officers, directors and other key personnel. At March 31, 2001, 2000, and 1999, the outstanding balances on these notes were $738,807, $538,807, and $538,807, respectively. The total interest paid to these entities on all financing activities for the years ended March 31, 2001, 2000, and 1999 was $106,888, $63,456, and $63,456, respectively. The outstanding balances on related party notes respecting discontinued operations were $0, $5,166,821, and $3,342,639 at March 31, 2001, 2000, and 1999, respectively. Total interest paid to these entities on all financing activities for discontinued operations was $699,288, $704,665, and $233,368 for the fiscal years ended March 31, 2001, 2000, and 1999, respectively.

<TABLE>
<CAPTION>

DATE OF TRANSACTION	RELATED PARTY	TRANSACTION
<S>	<C>	<C>
09/22/97	Evelyn Felice (principal stockholder at the time)	$400,000 loan, 12% interest per annum, payable monthly, due September 22, 1999, collateralized by used car inventory, personally guaranteed by Jeff Erskine, Mike Stuart, and John Carrante. This note was paid September 22, 1999.
10/17/97	Mark Moldenhauer (officer, director and principal stockholder at the time)	$150,000 loan, 12% interest per annum, payable monthly, due November 17, 1999, collateralized by used car inventory, personally guaranteed by Jeff Erskine, Mike Stuart, and John Carrante. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
12/15/97	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$200,000 loan, 12% interest per annum, payable monthly, due December 15, 1998, collateralized by used car inventory. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
01/15/98	Mark Moldenhauer (officer, director and principal stockholder at the time)	$300,000 loan, 12% interest per annum, payable monthly, due January 15, 1999, collateralized by used car inventory, convertible into shares of common stock at $.10 per share. Note was converted into 3,000,000 shares of common stock on May 1, 2000.
03/31/98	Mark Moldenhauer (officer, director and principal stockholder at the time)	$102,000 loan, 12% interest per annum, payable monthly, due upon 30 days' notice, collateralized by used car inventory. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
04/07/98	Mark Moldenhauer (officer, director and principal stockholder at the time)	$300,000 loan, 12% interest per annum, payable monthly, due upon 30 days' notice, collateralized by used car inventory. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
06/01/98	Eastlane Trading Limited (principal stockholder)	$250,000 loan, 12% interest per annum, payable on request, due April 1, 2000, collateralized by used car inventory. This note was assumed by Pinnacle Financial as of December 31, 1999 and has been paid by the Amended and Restated Secured Promissory Note due to Pinnacle Financial dated March 31, 2000.
09/01/98	Mike and Debbie Stuart (officer, director, and principal stockholder at the time)	$50,000 loan, 12% interest per annum, payable monthly, due October 1, 1999, collateralized by used car inventory. This note was paid March 31, 2000.
09/11/98	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$117,500 loan, 12% interest per annum, payable monthly, due October 11, 1999, collateralized by used car inventory. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.

<CAPTION>

DATE OF TRANSACTION <S>	RELATED PARTY <C>	TRANSACTION <C>
09/18/98	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$400,000 loan, 12% interest per annum, payable monthly, due October 30, 1998 (extended and due upon demand), collateralized by used car inventory. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
10/20/98	Eastlane Trading Limited (principal stockholder)	$1,000,000 loan, 12% interest per annum, payable on request, due April 1, 2000, collateralized by used car inventory. This note was assumed by Pinnacle Financial as of December 31, 1999 and has been paid by the Amended and Restated Secured Promissory Note due to Pinnacle Financial dated March 31, 2000.
11/18/98	Eastlane Trading Limited (principal stockholder)	$232,259 loan, 12% interest per annum, payable on request, due April 1, 2000, collateralized by used car inventory. This note was assumed by Pinnacle Financial as of December 31, 1999 and has been paid by the Amended and Restated Secured Promissory Note due to Pinnacle Financial dated March 31, 2000.
02/05/99	Eastlane Trading Limited (principal stockholder)	$17,741 loan, 12% interest per annum, payable on request, due April 1, 2000, collateralized by used car inventory. This note was assumed by Pinnacle Financial as of December 31, 1999 and has been paid by the Amended and Restated Secured Promissory Note due to Pinnacle Financial dated March 31, 2000.
5/13/99	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$300,000 loan to Auto Network Group of New Mexico, 12 % interest per annum, payable monthly, due May 13, 2000, personally guaranteed by Jules Gollins, Bruce Burton, Stuart Bailey, all officers of Auto Network Group of New Mexico, and their respective spouses.
6/22/99	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$200,000 loan, 12 % interest per annum, payable monthly, due December 22, 1999. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
6/22/99	Mark Moldenhauer (officer, director and principal stockholder at the time)	$100,000 loan, 12 % interest per annum, payable monthly, due December 22, 1999. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
7/20/99	Cascade Funding Group. LLC (owned by three officers of Auto Network Group Northwest, Inc.)	$1,572,000 loan to Auto Network Group Northwest, prime plus 6% interest per annum, payable monthly, collateralized by used car inventory, due July 14, 2000.
8/3/99	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$50,000 loan, 12 % interest per annum, payable monthly, due February 3, 2000. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.

<CAPTION>

DATE OF TRANSACTION <S>	RELATED PARTY <C>	TRANSACTION <C>
8/3/99	Mark Moldenhauer (officer, director and principal stockholder at the time	$200,000 loan, 12 % interest per annum, payable monthly, due February 3, 2000. This note was paid by the Amended and Restated Secured Promissory Note dated March 31, 2000.
8/13/99	MDM Investments (owned by Mike Stuart and Mark Moldenhauer)	$160,000 loan, 12 % interest per annum, payable monthly, due August 13, 2000. This note was paid October 14, 1999.

11/1/99	MDM Investments (owned by Mike Stuart and Mark Moldenhauer)	$300,000 loan, 12% interest per annum, payable monthly, due May 13, 2000. This note has been paid.
11/5/99 and 11/9/99	Susan Gollins (wife of officer and director of Auto Network Group of New Mexico, Inc.)	$17,000 loan, 15% interest per annum, payable monthly, due on demand. Assumed by Automotive Disposition Management Services, Inc.
11/14/99	Darlene Burton Gollins (wife of officer and director of Auto Network Group of New Mexico, Inc.)	$45,000 loan, 15% interest per annum, payable monthly, due on demand. Assumed by Automotive Disposition Management Services, Inc.
12/27/99	Pinnacle Financial Corporation (owned by officer, director, and principal stockholder at the time)	$175,000 loan, 12 % interest per annum, payable monthly, due February 3, 2000. This note was paid January 12, 2000.
03/31/00	Pinnacle Financial Corporation	Amended and Restated Secured Promissory Note for $2,675,420, 12% interest per annum, interest payable monthly, 3 quarterly principal payments of $569,307 beginning June 30, 2000, with final payment of $967,500 due April 1, 2001, personally guaranteed by Roger L. Butterwick and John E. Rowlett, collateralized by all assets of AutoTradeCenter.com Inc. Assumed in part by Automotive Disposition Management Services, Inc. and paid in part by a new note for $336,200 due April 1, 2002, 12% interest per annum.
03/31/00	Mark Moldenhauer	Amended and Restated Secured Promissory Note for $852,000, 12% interest per annum, interest payable monthly, principal and interest due April 1, 2001, personally guaranteed by Roger L. Butterwick and John E. Rowlett, collateralized by all assets of AutoTradeCenter.com Inc. Paid by a new note due April 1, 2002, 12% interest per annum.
12/29/00	Mark Moldenhauer	Secured Promissory Note for $300,000, 12% interest per annum, principal and interest due April 1, 2001, collateralized by all assets of AutoTradeCenter.com Inc. Paid by a new note due April 1, 2002, 12% interest per annum.

<CAPTION>

DATE OF TRANSACTION	RELATED PARTY	TRANSACTION
<S>	<C>	<C>
03/31/01	Mark Moldenhauer	Secured promissory note for $402,000, 12% interest per annum, payable monthly, principal and interest due April 1, 2002, collateralized by all accounts receivable, inventory, equipment, and certain intangibles of AutoTradeCenter.com Inc., personally guaranteed by Roger L. Butterwick and John E. Rowlett, convertible at the option of the holder into common shares at the lesser of $0.375 per share or the average trading price of the common stock for the 30 trading days preceding conversion. Paid by Amended and Restated Secured Promissory Note dated July 26, 2001.
03/31/01	Pinnacle Financial Corporation	Secured promissory note for $336,807, 12% interest per annum payable monthly, principal and interest due April 1, 2002, collateralized by all accounts receivable, inventory, equipment, and certain intangibles of AutoTradeCenter.com Inc., personally guaranteed by Roger L. Butterwick and John E. Rowlett, convertible at the option of the holder into common shares at the lesser of $0.375 per share or the average trading price of the common stock for the 30 trading days preceding conversion, subordinated to senior debt. Paid by Amended and Restated Secured Promissory Note dated July 26, 2001.
05/16/01	R. Gary McCauley (director)	Promissory note for $150,000 and subsequently increased to $200,000 on May 31, 2001, due upon receipt of and secured by specific trade accounts receivable, interest at 12% per annum. Principal balance reduced to approximately $50,000 on June 29, 2001.

07/16/01	R. Gary McCauley (director)	Promissory note for $65,000, due upon receipt of and secured by specific trade accounts receivable, interest at 12% per annum.
07/24/01	Mark Moldenhauer and Pinnacle Financial Corporation	Consolidated promissory note for $738,200, interest at 12% per annum payable monthly, principal payments of $25,000 per month for the months of November and December 2001, principal payments of $50,000 per month for January 2002 through May 2002, balance due June 30, 2002, subordinated to the first lien of Eagle Capital Funding, LLC.

</TABLE>

On May 5, 1998, we obtained a line of credit from First International Bank of Arizona in the amount of $500,000. The note was secured by a first lien on all inventory, accounts receivable, equipment, and general intangibles and personally guaranteed by Messrs. Erskine, Stuart and Moldenhauer. In addition, Mr. Moldenhauer agreed to subordinate his loans made to us to the bank's line of credit. On May 7, 1998, the Company granted each of Messrs. Erskine, Stuart, and Moldenhauer two-year options to purchase 100,000 restricted shares of common stock at a price of $.75 per share. On March 26, 1999, the note was paid. The expiration date of the options has been extended to May 7, 2002.

On March 26, 1999, we obtained a $3,000,000 revolving line of credit from Wells Fargo Business Credit, Inc. The note was originally due March 31, 2000 and was secured by a first lien on all inventory, accounts receivable, equipment, and general intangibles. The interest rate paid was 1.5% over the bank's prime rate. Messrs. Stuart and Moldenhauer, who are former officers, directors, and/or principal stockholders, and Mr. Butterwick, currently an officer, director and principal stockholder personally guaranteed the note. On December 31, 1998, we granted each of Messrs. Stuart, Moldenhauer, and Butterwick three-year options to purchase 250,000 restricted

shares of common stock at a price of $1.00 per share, the closing bid on the common stock at December 31, 1998, in consideration for providing their personal guarantees on the line of credit. Mr. Butterwick remained as the sole guarantor of the note during the extension period. No additional consideration was granted to Mr. Butterwick. The note was paid in full on February 16, 2001.

AUTO NETWORK GROUP OF NEW MEXICO, INC. TRANSACTIONS. On June 1, 1998, Auto Network Group of New Mexico entered into a lease for an office and warehouse facility in Albuquerque, New Mexico, with G & B Investments LLC, an entity owned and controlled by Bruce Burton and Jules Gollins. The original lease that expired on May 31, 1999 was extended to May 31, 2001. Messrs. Burton and Gollins are two of the principals who manage the Auto Network Group of New Mexico operations. The amount of lease payments made under this agreement was $26,732 for the year ended March 31, 1999 and $34,754 for the year ended March 31, 2000.

Also on June 1, 1998, we entered into a Purchase of Goodwill Agreement with JBS, LLC, an entity whose members comprised the management team of Auto Network Group of New Mexico. In consideration for the goodwill which Auto Network Group of New Mexico received from JBS, JBS was granted a total of 800,000 contingently issuable restricted shares of our common stock valued at $.20 per share as follows: 266,667 shares issued upon execution of the agreement, held in escrow, and subject to forfeiture if Auto Network Group of New Mexico was not doing business as of June 1, 1999; 266,667 shares to be earned for the period June 1, 1998 through March 31, 1999 if pre-tax earnings of Auto Network Group of New Mexico were at least $60,000; and 266,666 shares to be earned for the period April 1, 1999 through March 31, 2000 if pre-tax earnings of Auto Network Group of New Mexico were at least $120,000. In addition, JBS was able to earn options to purchase restricted shares of our common stock at the rate of 5 options for every dollar of pre-tax earnings of Auto Network Group of New Mexico in excess of $60,000 for the period ending March 31, 1999, and 5 options for every dollar of pre-tax earnings of Auto Network Group of New Mexico in excess of $120,000 for the year ended March 31, 2000. The options were to be exercisable for a period of 3 years from date of grant at the bid price as of March 31, 1999 or 2000, respectively.

Since Auto Network Group of New Mexico was doing business at June 1, 1999, 266,667 shares were earned. For the period from June 1, 1998 through March 31, 1999, Auto Network Group of New Mexico had pre-tax earnings of $107,962, resulting in JBS, LLC earning 266,667 shares and 239,810 options, exercisable at $3.00 per share. For the period ending March 31, 2000, Auto Network Group of New Mexico had pre-tax earnings of $70,395, resulting in no shares or options being earned. This agreement was subsequently amended and 266,666 shares were issued in 2000.

On June 1, 1998, we loaned $250,000 to Auto Network Group of New Mexico. The related promissory note is due June 30, 2000 and earns interest at 12% per annum, payable monthly. This note has been extended to June 30, 2003. This note was repaid upon the sale of the subsidiary.

WALDEN REMARKETING TRANSACTIONS. As of March 31, 1999, we acquired Walden Remarketing Services, Inc., a Minnesota corporation, by issuing the shareholders of Walden Remarketing a total of 2,050,000 restricted shares of common stock, cash of $125,000, and promissory notes in the aggregate principal amount of $425,000. The promissory notes accrued interest at the rate of 12% per annum and had a remaining principal balance of $314,475 at December 31, 1999, at which time they were converted into 314,475 common shares of our company.

In connection with the acquisition of Walden Remarketing, Dennis E. Hecker, the principal shareholder of that company, provided a personal guaranty with respect to the full disclosure of liabilities of that company.

On April 20, 1999, we entered into a consulting agreement with Dennis E. Hecker as part of our acquisition of Walden Remarketing. Mr. Hecker has agreed to provide consulting services to us for a period of three years ending April 20, 2002. We granted Mr. Hecker an option to purchase 3,000,000 shares of our common stock at $3.00 per share. As of December 1, 1999 the consulting agreement and the option to purchase 3,000,000 shares of our common stock were canceled.

AUTO NETWORK GROUP NORTHWEST, INC. On July 20, 1999, we acquired Auto Network Group Northwest, Inc., an Oregon corporation, by issuing the shareholders of Auto Network Group Northwest a total of 500,000 contingently issuable shares of restricted common stock valued at $1.50 per share. All shares are held in escrow and are subject to the following events:

1. 83,333 shares are subject to forfeiture if the pre-tax earnings of Auto Network Group Northwest as of March 31, 2000 are less than $30,000. If pre-tax earnings are between $30,000 and $50,000 a pro-rata amount of shares shall be issued and the balance shall be forfeited.

2. 166,667 shares are subject to forfeiture if the pre-tax earnings of Auto Network Group Northwest as of March 31, 2001 are less than $50,000. If pre-tax earnings are between $50,000 and $100,000 a pro-rata amount of shares shall be issued and the balance shall be forfeited.

3. 250,000 shares are subject to forfeiture if the pre-tax earnings of Auto Network Group Northwest as of March 31, 2002 are less than $75,000. If pre-tax earnings are between $75,000 and $150,000 a pro-rata amount of shares shall be issued and the balance shall be forfeited.

In addition, the former shareholders of Auto Network Group Northwest may earn options to purchase restricted shares of our common stock at the rate of 5 options for every dollar of pre-tax earnings of Auto Network Group Northwest in excess of $50,000 for the period ending March 31, 2000; $100,000 for the year ended March 31, 2001; and, $150,000 for the year ended March 31, 2002. The options are to be exercisable for a period of 3 years from date of grant at the bid price of our common stock as of April 1, 2000, 2001 or 2002, respectively.

For the period from July 20, 1999 through March 31, 2000, Auto Network Group Northwest had pre-tax earnings of $41,721, resulting in the former shareholders earning 69,535 shares. In April 2001, Automotive Disposition Management Services, the parent of Auto Network Group Northwest, entered into an agreement with the management of Auto Network Group Northwest under which Auto Network Group Northwest reacquired all of its outstanding common shares from Automotive Disposition Management Services and agreed to return to Automotive Disposition Management Services 430,465 shares of our common stock that were being held in escrow pending the results of the original earn-out agreement. We decided to exercise our option to exchange these shares for 8.55% of our interest in Automotive Disposition Management Services based upon the agreement wherein Automotive Disposition acquired certain of our operating subsidiaries. Effective July 1, 2001, all options previously issued to Auto Network Group Northwest management and employees, as well as rights to earn new options, expired unexercised.

AUTO GROUP OF SAN ANTONIO, LTD. Effective April 1, 2000, we opened our office and warehouse wholesale operation in San Antonio, Texas. Auto Group of San Antonio Ltd., a Texas limited partnership, conducted our land-based business

in San Antonio. Our company was the sole limited partner and the sole owner of a newly formed limited liability company which serves as the general partner.

We loaned the limited partnership $450,000, which is evidenced by an unsecured promissory note with interest at the rate of 12% per annum payable monthly, in arrears. This note, which could be prepaid at any time, had a final maturity on March 31, 2005. The limited partnership has entered into a management agreement with JRB AutoBrokers, L.P., a Texas limited partnership. JRB AutoBrokers also loaned $100,000 to the limited partnership on similar terms to our advance. This promissory note was subordinate to our loan. When Automotive Disposition Management Services acquired the limited partnership, our note was repaid in full.

Under the terms of the management agreement, JRB was responsible for all day-to-day management of the limited partnership with complete autonomy, subject only to reasonable review by the general partner. In addition, we granted 468,750 contingently issuable restricted shares of our common stock to JRB to acquire this operation. At that time, the shares were assigned a value of $2.00 per share, and held in escrow pending certain future events. 93,750 of such shares were released to JRB on April 1, 2001, since they were subject only to the continuation of the business at that date. Annually beginning March 31, 2001, 93,750 additional shares or a portion thereof were to be released subject to the limited partnership achieving pre-determined pre-tax earnings. For example, if the limited partnership earns $100,000 for the year ended March 31, 2001, 93,750 of such shares will be released to JRB. In the event earnings for the year fall below $100,000, a portion of these shares may still be released. After March 31,

2001, the pre-tax earnings floor increases through March 31, 2004. A currently interminable number of additional shares can be earned for the year ended March 31, 2005 based on pre-tax earning. Effective with the sale of this subsidiary we placed 375,000 common shares in escrow to meet our obligation under the earn-out agreement. For the fiscal year ended March 31, 2001, JRB reported unaudited earnings of $78,157 entitling the managers of JRB to receive 73,272 earn-out shares of the year then ended.

AUTO NETWORK GROUP OF EASTERN PA., INC. Effective April 1, 2000 we opened our office and warehouse wholesale operation in the Philadelphia, Pennsylvania area. Our business in Pennsylvania was conducted by Auto Network Group of Eastern Pa., Inc., a Pennsylvania corporation. We were the sole shareholder of this Pennsylvania operation.

We loaned $300,000 to the Pennsylvania operation, which was evidenced by an unsecured promissory note with interest at the rate of 12% per annum payable monthly, in arrears. The note could be prepaid at any time and had a final maturity on March 31, 2006. Mr. Edward G. McCusker had agreed to loan $100,000 to the Pennsylvania operation on terms similar to our advance, on or before June 30, 2000. This loan was to be subordinate to the debt owed to us. Mr. McCusker did not advance such funds for the Pennsylvania operations and for this reason, as well as others, we ceased our operations in Pennsylvania in the third quarter of 2000. We have filed a lawsuit in Pennsylvania against Mr. and Mrs. McCusker in an effort to recover all or a part of our $300,000 loan plus interest and costs. Although we believe that we are entitled to full recovery, we have charged the unpaid balance of our loan to expense in the year ended March 31, 2001.

AUTOMOTIVE DISPOSITION MANAGEMENT SERVICES, INC. As of December 29, 2000, we sold our interest in our land-based operations in Albuquerque, New Mexico; San Antonio, Texas; and Bend, Oregon to Automotive Disposition Management Services, Inc., an affiliated Arizona corporation, in exchange for a 16% interest in Automotive Disposition. Automotive Disposition is a private company owned by Jules Gollins, the manager of the New Mexico land-based operation, and by Mark Moldenhauer, one of our founders, principal shareholders, and former officer and director. In addition, promissory notes for $1,200,000 owed to us by the land-based operations have been assigned to Pinnacle Financial Corporation, a private company owned by Mr. Moldenhauer. Pinnacle Financial Corporation has in turn reduced the outstanding principal balance of our promissory note to Pinnacle by $1,200,000 and extended the principal installment, originally due December 31, 2000, to January 30, 2001. As of February 16, 2001, Automotive Disposition Management Services, Inc. assumed a portion of the note owed to Pinnacle Financial Corporation. The remaining portion is being paid with a new note to Pinnacle Financial Corporation in the amount of $366,200 due April 1, 2002.

As described above, we originally acquired the New Mexico, Texas, and Oregon operations with earn-out agreements, which enabled the managers of these operations to earn shares and options if certain performance goals were met. We

agreed to place a total of 805,465 shares of our common stock in escrow to satisfy, in full, our obligations under these agreements. These common shares will remain in escrow until such time as certain shares of our stock are either earned or forfeited. If earned, the relevant shares of our stock will be transferred to the managers and brokers, and if unearned, the relevant shares of our stock will be transferred and delivered to Automotive Disposition. Any shares transferred to Automotive Disposition can, at our election, be exchanged for part or all of our interest in Automotive Disposition.

FUTURE TRANSACTIONS. All future affiliated transactions will be made or entered into on terms that are no less favorable to us than those that can be obtained from any unaffiliated third party. A majority of the independent, disinterested members of our board of directors will approve future affiliated transactions and forgiveness of loans.

We believe that all loans made to affiliates by us meet the foregoing standard. All loans to affiliates made by us carry an interest rate of 12% per annum. This is the same interest rate paid by us on all notes payable to both affiliates and outside third parties, with the exception of our revolving line of credit with a financial institution. That revolving line of credit bears interest at the prime rate plus 1-1/2%.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

FINANCIAL STATEMENTS

The following financial statements and financial statement schedules are filed with this report:

Independent Auditors' Report
Consolidated Balance Sheet
Consolidated Income Statement
Consolidated Statement of Changes in Stockholders' Equity
Consolidated Statement of Cash Flows

EXHIBITS

The following exhibits are filed with this report:

<TABLE>
<CAPTION>
Regulation S-K Number	DOCUMENT
2.1	Agreement and Plan of Reorganization between Auto Network Group, Inc. and Walden Remarketing Services, Inc. (1)<F1>
2.2	Agreement Concerning the Exchange of Common Stock Between AutoTradeCenter.com Inc. and Auto Network Group of Northwest, Inc. (1)<F1>
3.1	Articles of Incorporation, as amended (1)<F1>
3.2	Bylaws (1)<F1>
4.1	Statement Pursuant To Section 10-602 of The Arizona Business Corporation Act of Auto Network USA, Inc. Regarding Series A Preferred Stock (1)<F1>
4.2	Statement Pursuant To Section 10-602 of The Arizona Business Corporation Act of Auto Network USA, Inc. Regarding Series B Preferred Stock (1)<F1>
4.3	Warrant to Purchase Common Stock Issued to Anthony & Company, Inc. (1)<F1>
4.4	Statement Pursuant to Section 10-602 of The Arizona Business Corporation Act of AutoTradeCenter.com Inc. Regarding Series C Preferred Stock (3)<F3>
4.5	Statement Pursuant to Section 10-602 of The Arizona Business Corporation Act of AutoTradeCenter.com Inc. Regarding Series D Preferred Stock (3)<F3>
4.6	Statement Pursuant to Section 10-602 of the Arizona Business Corporation Act of AutoTradeCenter.com Inc. Regarding Series E Preferred Stock
10.1	Stock Option Plan (1)<F1>
10.2	Evelyn Felice loan documents (1)<F1>
10.3	Mark Moldenhauer loan documents (1)<F1>
10.4	Pinnacle Financial Corporation loan documents (1)<F1>
10.5	Eastlane Trading Limited loan documents (1)<F1>
10.6	Norwest Bank loan documents (1)<F1>
10.7	Mike and Debbie Stuart loan documents (1)<F1>
10.8	Purchase of Goodwill Agreement with JBS, LLC (1)<F1>
10.9	Promissory Notes used for acquisition of Walden Remarketing Services, Inc. (1)<F1>
10.10	Consulting Agreement with Dennis E. Hecker dated April 20, 1999 (1)<F1>
10.11	Non-Qualified Stock Option Agreement with Dennis E. Hecker dated April 20, 1999 (1)<F1>
10.12	Sample "Work for Hire Agreement" (1)<F1>
10.13	Agreement with Auction Finance Group, Inc. (1)<F1>
10.14	Purchase Agreement with Lloydminister Enterprises Inc. and Kindersley Holdings Inc. dated

		March 23, 2000 (2)<F2>
	10.15	Amended and Restated Secured Promissory Note dated March 31, 2000 to Mark Moldenhauer (3)<F3>
	10.16	Amended and Restated Secured Promissory Note dated March 31, 2000 to Pinnacle Financial Corporation (3)<F3>
	10.17	Loan Extension from Wells Fargo Business Credit, Inc. (3)<F3>
	10.18	Agreement with American Honda Finance (3)(4)<F3><F4>

<CAPTION>
Regulation S-K Number | DOCUMENT

<S> <C> <C>

	10.19	Extension and Exchange Agreement with Pinnacle Financial Corporation dated December 29, 2000 (6)<F6>
	10.20	Motor Vehicle Remarketing Agreement with American Suzuki Motor Corporation dated January 10, 2001 (4)<F4>
	10.21	Letter agreement with Sutro & Co. Incorporated dated October 11, 2000 (3)<F3>
	10.22	First Amendment to Motor Vehicle Remarketing Agreement with American Honda Finance Corporation (4)<F4>
	10.23	Secured Promissory Note to Mark Moldenhauer dated December 29, 2000 (3)<F3>
	10.24	Secured Promissory Note to Mark Moldenhauer dated March 31, 2001
	10.25	Secured Promissory Note to Pinnacle Financial Corporation dated March 31, 2001
	10.26	Promissory Note to R. Gary McCauley dated May 31, 2001
	10.27	Promissory Note to R. Gary McCauley dated July 16, 2001
	10.28	Amended and Restated Secured Promissory Note to Mark Moldenhauer dated July 24, 2001
	10.29	Eagle Capital Group, LLC loan documents
	10.30	Fund Escrow Agreement between Stradling Yocca Carlson & Rauth, AutoTradeCenter.com Inc. and Netchemistry, Inc. dated July 26, 2001
	21	Subsidiaries of the registrant (3)<F3>

<FN>

(1)<F1> Incorporated by reference to the exhibits filed to the registration statement on Form S-1 (File No. 333-78659).

(2)<F2> Incorporated by reference to the exhibits filed to the current report on Form 8-K dated March 23, 2000 (File No. 333-78659).

(3)<F3> Incorporated by reference to the exhibits filed to the registration statement on Form S-1 (File No. 333-37090).

(4)<F4> Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(5)<F5> Incorporated by reference to the exhibits filed to the quarterly report on Form 10-Q for the quarter ended September 30, 2000.

(6)<F6> Incorporated by reference to the exhibits filed to the current report on Form 8-K dated December 29, 2000 (File No. 333-78659).

</FN>
</TABLE>

REPORTS ON FORM 8-K

1. During the last quarter of the period covered by this report, no reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOTRADECENTER.COM INC.
(Registrant)

Date: August 2, 2001

By:/s/ ROGER L. BUTTERWICK

Roger L. Butterwick, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ ROGER L. BUTTERWICK Roger L. Butterwick	President, Treasurer and a director (Principal Executive Officer)	August 2, 2001
/s/ JOHN E. ROWLETT John E. Rowlett	Vice President, Secretary and a Director	August 2, 2001
/s/ MICHAEL H. FEINSTEIN Michael H. Feinstein	Chief Financial Officer (Principal Financial and Accounting Officer)	August 2, 2001
/s/ JOHN HOUCK John Houck	Director	August 2, 2001
James Kaiser	Director	
/s/ DAVID LIVINGSTON David Livingston	Director	August 2, 2001
/s/ R. GARY MCCAULEY R. Gary McCauley	Director	August 2, 2001
L. David Sikes	Director	
/s/ A. MARVIN STRAIT A. Marvin Strait	Director	August 2, 2001

</TABLE>

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
AutoTradeCenter.com, Inc. and Subsidiaries

We have audited the consolidated balance sheets of AutoTradeCenter.com, Inc. and Subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended March 31, 2001, 2000, and 1999. These financial statements are the responsibility of AutoTradeCenter.com, Inc. and Subsidiaries' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AutoTradeCenter.com, Inc. and Subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for the years ended March 31, 2001, 2000, and 1999 in conformity with accounting principles generally accepted in the United States of America.

/s/ Neff & Ricci LLP

Albuquerque, New Mexico
May 18, 2001, except for Note R and S, as to which the date is July 26, 2001.

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
Consolidated Balance Sheet
MARCH 31, 2001 AND 2000

ASSETS

<TABLE>
<CAPTION>

	2001	2000
Current assets:		(RECLASSIFIED)
<S>	<C>	<C>
Cash	$ 209,068	$ 4,355,738
Accounts receivable - trade	224,298	-
Accounts receivable - employees	8,535	-
Prepaid expenses and other	164,882	110,272
Assets from discontinued operations, net	21,812	1,023,166
Total current assets	628,595	5,489,176
Property and equipment, net	508,949	813,118
Software, net	7,539,338	12,013,608
	8,048,287	12,826,726
Intangible assets, net	1,590,700	1,786,845
Total assets	$ 10,267,582	$ 20,102,747

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable - trade	$ 110,063	$ -
Notes payable - bank	-	1,112,418
Long term debt - notes payable to related parties current portion	200,000	-
Accrued liabilities	135,976	6,124
Total current liabilities	446,039	1,118,542
Long term debt - notes payable to related parties	538,807	528,807
Stockholders' equity:		
Convertible preferred stock, Series C; $.10 par value; 400,000 shares authorized; 21,216, and 20,800 issued, and 11,118 and 20,800 outstanding in 2001 and 2000, respectively; liquidation preference $100.00 per share	924,828	1,906,536
Convertible preferred stock, Series D; $.10 par value; 600,000 shares authorized; 31,824 and 31,200 issued, and 14,536 and 31,200 shares outstanding in 2001 and 2000, respectively; liquidation preference $100.00 per share	1,227,296	2,859,805
Common stock, no par value; 100,000,000 shares authorized; 40,954,759 and 27,652,609 shares issued and outstanding in 2001 and 2000, respectively	24,944,750	19,779,542
Retained deficit	(17,814,138)	(6,090,485)
Total stockholders' equity	9,282,736	18,455,398

Total liabilities and stockholders' equity	$ 10,267,582	$ 20,102,747

</TABLE>

See notes to consolidated financial statements

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
Consolidated Income Statement
Years ended March 31, 2001, 2000 and 1999

<TABLE>
<CAPTION>

	2001	2000 (RECLASSIFIED)	1999 (RECLASSIFIED)
<S>	<C>	<C>	<C>
Net sales	$ 891,423	$ 291,587	$ -
Operating expenses:			
Salary	1,053,198	54,000	63,000
Selling	730,883	241,065	-
General and administrative	1,967,548	559,468	126,173
Loss on disposal of impaired software	2,261,486	-	-
Depreciation and amortization	3,836,788	319,800	24,042
Total operating expenses	9,849,903	1,174,333	213,215
(Loss) from operations	(8,958,480)	(882,746)	(213,215)
Other income (expense):			
Miscellaneous	4,999	-	-
Interest expense	(106,888)	(63,456)	(63,456)
Total other income (expense) - net	(101,889)	(63,456)	(63,456)
(Loss) from continuing operations	(9,060,369)	(946,202)	(276,671)
Discontinued operations:			
Income (loss) from operations of land-based segment	(323,840)	(1,697,585)	448,491
Loss from disposition of land-based segment	(2,339,445)	-	-
	(2,663,285)	(1,697,585)	448,491
Net income (loss) before income taxes	(11,723,654)	(2,643,787)	171,820
Income tax (expense) benefit:			
Continuing operations	-	-	50,302
Discontinued operations	-	56,034	(106,881)
	-	56,034	(56,579)
Net income (loss)	$(11,723,654)	$(2,587,753)	$ 115,241
Basic earnings (loss) per share:			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.02)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.03
Diluted earnings (loss) per share:			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.01)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.02
Weighted average shares number of common shares outstanding			
Basic	32,777,824	21,638,671	13,726,397

Fully diluted	32,777,824	21,638,671	22,826,745

</TABLE>

See notes to consolidated financial statements

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended March 31, 2001, 2000 and 1999

<TABLE>
<CAPTION>

	SERIES A, CONVERTIBLE PREFERRED STOCK		SERIES B, CONVERTIBLE PREFERRED STOCK		SERIES C, CONVERTIBLE PREFERRED STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - March 31, 1998	3,848	$ 382,251	-	$ -	-	$ -
June 1998 - Issued common shares under goodwill agreement						
August 1998 - Issued common shares for purchase of subsidiary						
November 1998 - Issued convertible Series B preferred stock			35,000	$ 281,242		
December 1998 - Issued convertible Series B preferred stock			12,000	90,795		
March 1999 - Converted preferred shares into common shares	(3,848)	(382,251)				
March 1999 - Effect of construc- tive dividend on convertible Series B preferred stock						
March 1999 - Issued common shares under goodwill agreement						
March 1999 - Issued common shares for purchase of subsidiary						
March 1999 - Fair value of stock options granted for the year ended.						
Net income for the year ended March 31, 1999						
Balance - March 31, 1999	-	$ -	47,000	$ 372,037	-	$ -

<CAPTION>

	SERIES D, CONVERTIBLE PREFERRED STOCK		COMMON STOCK		RETAINED EARNINGS	
	SHARES	AMOUNT	SHARES	AMOUNT	(DEFICIT)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - March 31, 1998	-	$ -	13,226,622	$ 345,233	$ 12,384	$ 739,868
June 1998 - Issued common shares under goodwill agreement			266,667	53,333		53,333
August 1998 - Issued common shares for purchase of subsidiary			300,000	47,814		47,814
November 1998 - Issued convertible Series B preferred stock						281,242
December 1998 - Issued convertible Series B preferred stock						90,795

March 1999 - Converted preferred shares into common shares			4,275,128	382,251		-
March 1999 - Effect of construc-tive dividend on convertible Series B preferred stock				253,077	(253,077)	-
March 1999 - Issued common shares under goodwill agreement			266,667	53,333		53,333
March 1999 - Issued common shares for purchase of subsidiary			2,050,000	1,450,000		1,450,000
March 1999 - Fair value of stock options granted for the year ended				79,438		79,438
Net income for the year ended March 31, 1999					115,241	115,241
Balance - March 31, 1999	-	$ -	20,385,084	$ 2,664,479	$ (125,452)	$ 2,911,064

</TABLE>

See notes to consolidated financial statements

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended March 31, 2001, 2000 and 1999

<TABLE>
<CAPTION>

	SERIES A, CONVERTIBLE PREFERRED STOCK		SERIES B, CONVERTIBLE PREFERRED STOCK		SERIES C, CONVERTIBLE PREFERRED STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance forward from March 31, 1999	-	$ -	47,000	$ 372,037	-	$ -
April 1999 - Exercise of stock options						
December 1999 - Note payable converted into stock						
January 2000 - Preferred stock conversion			(47,000)	$(372,037)		
February 2000 - Issued common shares for software development						
February 2000 - Warrants conversion						
February 2000 - Issued convertible Series C preferred stock					20,800	1,906,536
February 2000 - Issued convertible Series D preferred stock						
March 2000 - Issued common shares for purchase of minority interest in subsidiary						
March 2000 - Issued common shares for purchase of subsidiary						
March 2000 - Effect of constructive dividend on convertible Series C preferred stock						
March 2000 - Effect of constructive dividend on convertible Series D preferred stock						
March 2000 - Fair value of stock options granted for the year ended						

March 2000 - Issued restricted common shares for purchase of subsidiary						
Net loss for the year ended March 31, 2000						
Balance - March 31, 2000	-	$ -	-	$ -	20,800	$ 1,906,536

<CAPTION>

	SERIES D, CONVERTIBLE PREFERRED STOCK		COMMON STOCK		RETAINED EARNINGS	
	SHARES	AMOUNT	SHARES	AMOUNT	(DEFICIT)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance forward from March 31, 1999	-	$ -	20,385,084	$ 2,664,479	(125,452)	$ 2,911,064
April 1999 - Exercise of stock options			100,000	200,000		200,000
December 1999 - Note payable converted into stock			314,475	314,475		314,475
January 2000 - Preferred stock conversion			543,515	372,037		-
February 2000 - Issued common shares for software development			40,000	80,000		80,000
February 2000 - Warrants conversion			100,000	50,000		50,000
February 2000 - Issued convertible Series C preferred stock						1,906,536
February 2000 - Issued convertible Series D preferred stock	31,200	2,859,805				2,859,805
March 2000 - Issued common shares for purchase of minority interest in subsidiary			5,000,000	9,375,000		9,375,000
March 2000 - Issued common shares for purchase of subsidiary			1,100,000	2,801,590		2,801,590
March 2000 - Effect of constructive dividend on convertible Series C preferred stock				1,697,280	(1,697,280)	-
March 2000 - Effect of constructive dividend on convertible Series D preferred stock				1,680,000	(1,680,000)	-
March 2000 - Fair value of stock options granted for the year ended				351,280		351,280
March 2000 - Issued restricted common shares for purchase of subsidiary			69,535	193,401		193,401
Net loss for the year ended March 31, 2000					(2,587,753)	(2,587,753)
Balance - March 31, 2000	31,200	$ 2,859,805	27,652,609	$ 19,779,542	$ (6,090,485)	$ 18,455,398

</TABLE>

See notes to consolidated financial statements

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended March 31, 2001, 2000 and 1999

<TABLE>
<CAPTION>

	SERIES A, CONVERTIBLE PREFERRED STOCK		SERIES B, CONVERTIBLE PREFERRED STOCK		SERIES C, CONVERTIBLE PREFERRED STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance forward from March 31, 2000	-	$ -	-	$ -	20,800	$ 1,906,536
April 2000 - Exercise of stock options						
April 2000 - Issued common shares for purchase of subsidiary contingent on performance						
April 2000 - Issued common shares for purchase of subsidiary contingent on performance						
May 2000 - Note payable converted into stock						
July 2000 - Exercise of stock options						
August 2000 - Exercise of stock options						
September 2000 - Exercise of stock options						
September 2000 - Issuance of shares for goodwill						
September 2000 - Preferred C stock conversion					(8,200)	(751,615)
September 2000 - Preferred D stock conversion						
October 2000 - Exercise of stock options						
October 2000 - Stock issued for services						(91,598)
January 2001 - Conversion of preferred shares					(700)	(17,495)
January 2001 - Conversion of preferred shares						
March 2001 - Conversion of preferred shares						
March 2001 - Conversion of preferred shares					(1,000)	(100,000)
Shares issued for services						(21,000)
Shares issued upon exercise of options						
Common shares sold pursuant to Private Placement through March 31						
Shares, options and warrants issued for services						
To adjust Preferred shares for 2% bonus shares issued - net					218	
Net loss from discontinued operations for a the year ended March 31, 2001						

Net loss from continuing operations for the year ended March 31, 2001						
Rounding						
Balance - March 31, 2001	-	$ -	-	$ -	11,118	$ 924,828

<CAPTION>

	SERIES D, CONVERTIBLE PREFERRED STOCK		COMMON STOCK		RETAINED EARNINGS	
	SHARES	AMOUNT	SHARES	AMOUNT	(DEFICIT)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance forward from March 31, 2000	31,200	$ 2,859,805	27,652,609	$ 19,779,542	$ (6,090,485)	$ 18,455,398
April 2000 - Exercise of stock options			10,000	10,000		10,000
April 2000 - Issued common shares for purchase of subsidiary contingent on performance			-	-		-
April 2000 - Issued common shares for purchase of subsidiary contingent on performance			-	-		-
May 2000 - Note payable converted into stock			3,000,000	300,000		300,000
July 2000 - Exercise of stock options			163,875	124,792		124,792
August 2000 - Exercise of stock options			5,000	4,375		4,375
September 2000 - Exercise of stock options			50,000	22,500		22,500
September 2000 - Issuance of shares for goodwill			266,667	53,333		53,333
September 2000 - Preferred C stock conversion			669,120	751,615		-
September 2000 - Preferred D stock conversion	(14,900)	(1,365,740)	1,838,741	1,365,740		-
October 2000 - Exercise of stock options			374,750	317,583		317,583
October 2000 - Stock issued for services		(137,396)	134,683	282,430		53,436
January 2001 - Conversion of preferred shares			57,120	17,495		-
January 2001 - Conversion of preferred shares	(1,000)	(47,532)	357,143	47,532		-
March 2001 - Conversion of preferred shares	(1,049)	(50,340)	348,939	50,340		-
March 2001 - Conversion of preferred shares			81,600	100,000		-
Shares issued for services		(31,500)	60,000	52,500		-
Shares issued upon exercise of options			19,300	19,300		19,300
Common shares sold pursuant to Private Placement through March 31			5,865,212	1,452,487		1,452,487
Shares, options and warrants issued for services				193,186		193,186
To adjust Preferred shares for 2% bonus shares issued - net	285					-

Net loss from discontinued operations for a the year ended March 31, 2001					(2,663,285)	(2,663,285)
Net loss from continuing operations for the year ended March 31, 2001					(9,060,369)	(9,060,369)
Rounding		(1)			1	-
Balance - March 31, 2001	14,536	$ 1,227,296	40,954,759	$ 24,944,750	$(17,814,138)	$ 9,282,736

</TABLE>

See notes to consolidated financial statements

AutoTradeCenter.com Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended March 31, 2001, 2000 and 1999

<TABLE>
<CAPTION>

	2001	2000	1999
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss) income:			
Continuing operations-net of income taxes	$ (9,060,369)	$ (946,202)	$ (226,369)
Discontinued operations-net of income taxes	(2,663,285)	(1,641,551)	341,610
	(11,723,654)	(2,587,753)	115,241
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,836,788	319,800	24,042
Loss on disposal of impaired software	2,261,486	-	-
Stock or stock options issued for services	299,955	351,280	23,083
(Increase) decrease in:			
Net assets of discontinued operations	1,001,354	1,257,062	(1,823,695)
Accounts receivable	(232,834)	98,610	(98,610)
Prepaid expenses and other current assets	(54,610)	(105,006)	(5,266)
Long term debt - current portion	200,000	-	-
Accounts payable	110,063	(24,712)	24,712
Accrued liabilities	129,852	(44,599)	50,723
Deferred income taxes	-	(7,010)	7,010
Net cash used in operating activities	(4,171,599)	(742,328)	(1,682,760)
Cash flows from investing activities:			
Purchase of property, equipment and software	(1,552,232)	(420,365)	(175,446)
Sale of property and equipment	428,542	45,945	57,520
Net cash paid for acquisitions	-	-	(70,906)
Net cash used in investing activities	(1,123,690)	(374,420)	(188,832)
Cash flows from financing activities:			
Net proceeds from borrowings	(802,418)	158,393	1,268,500
Proceeds from long-term debt	-	-	528,807
Proceeds from issuance of convertible preferred stock	-	4,766,341	372,037
Proceeds from exercise of stock options	498,550	-	-
Proceeds from issuance of common stock - net	1,452,487	250,000	-
Net cash provided by financings activities	1,148,619	5,174,734	2,169,344
Net change in cash	(4,146,670)	4,057,986	297,752
Beginning cash balance	4,355,738	297,752	-
Ending cash balance	$ 209,068	$ 4,355,738	$ 297,752

Supplemental disclosures:			
Interest paid for discontinued operations	$ 690,853	$ 887,094	$ 355,006
Interest paid for continuing operations	$ 106,888	$ 63,456	$ 63,456
Income taxes paid	$ -	$ 3,000	$ 73,527
Issuance of Common Stock for:			
Software	$ -	$ 11,493,673	$ -
Goodwill	$ 53,333	$ 246,724	$ 1,503,333

</TABLE>

See notes to consolidated financial statements

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INCORPORATION AND NATURE OF BUSINESS

AutoTradeCenter.com Inc. ("the Company") was incorporated pursuant to the laws of the State of Arizona on July 10, 1997 and began operations on September 22, 1997. In December 1998, the Company changed its name from Auto Network USA, Inc. to Auto Network Group, Inc. In March 1999, the Company again changed its name to AutoTradeCenter.com Inc. to more properly reflect its future direction as an Internet based wholesaler and remarketer of used automobiles. The wholesale automobile business principally involves activities related to redistributing used vehicles, typically acquired from franchised and independent auto dealers, lessors, banks and other finance companies and reselling them to other franchised and independent dealers. Prior to December 31, 2000 the Company engaged in these activities either as a fee-based service or as a principal. As a principal (land-based operations), the Company performed these services through independent wholesale brokers. Each broker bought, titled, and sold vehicles in the name of the Company. In November 2000, the Company decided to discontinue all of its land-based operations in order to concentrate efforts on remarketing used vehicles utilizing the Internet. Accordingly, it sold its land-based subsidiaries located in New Mexico, Texas, and Oregon on December 29, 2000, and transferred ownership of substantially all vehicles owned by its Scottsdale, Arizona operations on February 28, 2001 to certain of its former brokers.

The Company's Internet operations facilitate the exchange (remarketing) of used vehicles from lessors, captive and other finance companies, banks, and franchised and independent auto dealers, to other franchised and independent dealers. The Company, generally, earns fees from these exchanges, utilizing its proprietary software. The Company currently has three contracts to remarket late model off-lease and program vehicles to specified franchised dealers. The Company currently does not act as principal in its Internet business.

AutoTradeCenter.com Inc. stock is traded on the NASD Bulletin Board under the symbol AUTC.OB.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Auto Network Group of Arizona, Inc. ("ANET-AZ") Pinnacle Dealer Services, Inc. ("PDS"), National Dealer Services ("NDSCo"), AutoTradeCenter Remarketing Services Inc. formerly Walden Remarketing Services, Inc. ("Walden Remarketing"), and BusinessTradeCenter.com Inc. ("BTC"). All material intercompany accounts and transactions have been eliminated. Information regarding the discontinued operations of former subsidiaries; Auto Network Group of New Mexico, Inc. ("ANET-NM"), Auto Network Group Northwest, Inc. ("ANET-NW"), and Auto Group of SanAntonio, Ltd. ("ANET-SA"), is contained herein. Information regarding two other land-based subsidiaries that currently have no assets or liabilities, Auto-Network Group of Eastern PA, Inc. ("ANET-PA") and Auto Network Group of Denver, Inc. ("ANET-Den") also is contained herein.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the

current year presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH ITEMS

Cash and cash items include all highly liquid debt instruments purchased with a maturity of three months or less at the date of acquisition. At times, cash balances held at financial institutions were in excess of federally insured limits.

INVENTORY

Inventory (relating to discontinued operations) consists entirely of used vehicles that are stated at the lower of cost or market. The cost of used vehicles is determined on a specific identification basis. The cost of each vehicle includes the purchase price plus transportation and reconditioning expenses. The Company reduces the carrying value of each vehicle if the total cost exceeds the net realizable value of the vehicle. At March 31, 2001 as a result of the discontinuance of its land-based operations the Company has no inventory.

DEPRECIATION METHOD

Equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the assets estimated useful lives ranging from 3 to 10 years.

SOFTWARE CAPITALIZATION AND WEBSITE DEVELOPMENT COSTS

The Company follows Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, in determining the amount of software costs developed in-house to be capitalized. The Company applies Emerging Issues Task Force 00-02 Accounting for Website Development Costs in determining the amount of website development costs to be capitalized.

These standards require capitalization of certain direct development costs associated with internal use software and website development costs. Costs to be capitalized include internal and external direct project costs including, among others; payroll and labor, material, and services. These costs are included in software and are being amortized over a period not to exceed three years beginning when the software is substantially ready for use. Costs incurred on new projects, projects in a preliminary phase and projects that contract negotiations have not begun, as well as maintenance, and training costs are charged to expense as incurred.

AMORTIZATION OF INTANGIBLES

Goodwill and other intangibles are amortized on a straight-line basis over periods ranging up to 10 years. The Company periodically assesses the recoverability of the cost of its goodwill based upon a review of projected undiscounted cash flows of the related operating entity. These cash flow estimates are prepared and reviewed by management in connection with the Company's annual long-range planning process. As of March 31, 2001, there had been no write down of goodwill (See information regarding reclassification of goodwill- Note B).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue and the corresponding cost of revenue are recognized monthly. Customers are billed a per vehicle sales fee for vehicles sold while listed on the Company's hosted web sites. These sales are recorded in trade receivables until cash is received. The Company has implemented the requirements of Staff Accounting Bulletin 101, which did not have a material impact on revenue recognition in the financial statements.

Formerly, land-based operating revenues and the corresponding cost of the sales were recognized when vehicles were sold to customers evidenced by a sale and a purchase order, respectively. The Company paid for the vehicle and received payment from its customers when the vehicle title was presented. It is not unusual for a title to lag several days behind the recordation of the vehicle purchase and physical delivery; correspondingly, a vehicle may be sold and delivered to a customer prior to the delivery of the title and the receipt of cash.

EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share have been computed based on the weighted average number of common shares outstanding. The computations exclude 430,465 shares held in escrow pending certain earn-out provisions. Diluted earnings per share for the year ended March 31, 1999, reflects the increase in average common shares outstanding that would result from the assumed exercise of outstanding stock options and the assumed conversion of debt and preferred stock. Basic and diluted earrings per share are the same for the years ended March 31, 2000, and 2001, as the Company reported losses for these years and a computation of fully diluted earnings would be anti-dilutive.

VALUATION OF STOCK OPTIONS

The Company uses the intrinsic value method for valuing stock options issued to employees. The Company uses the fair value of goods or services received or the fair value of the options or warrants issued, whichever is more readily measurable, to determine the expense to record for options or warrants issued to non-employees.

INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based upon the difference between financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

SEGMENT REPORTING

The Company is required to report information about its operating segments, as well as related disclosures about products and services, geographic areas and major customers. At March 31, 2001, Internet remarketing is the Company's only operating segment. All of its revenue for the year ended March 31, 2001 was earned from its contract with American Honda Finance Corporation. All former land-based operations are presented as discontinued operations.

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE B - RECLASSIFICATION OF GOODWILL

When the Company acquired NDSCo on March 31, 2000, $2,039,123 of the

purchase price was allocated to goodwill. The goodwill was assigned a useful life of 10 years. Upon further consideration the Company reclassified this allocation from goodwill to cost of software to more succinctly categorize the nature of the assets purchased. During the quarter ended December 31, 2000, as a result of the changes in its business plan including the disposition of its dealer-to-dealer land based business, the Company further determined that it could no longer estimate the useful life, if any, of this software. Accordingly, the carrying cost of this asset was considered impaired and written off in full during the year.

When the Company acquired the remaining 45% minority interest of BTC on March 23, 2000, $9,374,550 of the purchase price was allocated to goodwill with an estimated life of 10 years. Upon further consideration, the Company reclassified this allocation from goodwill to cost of software to more succinctly categorize the nature of the assets purchased. Effective for the year ended March 31, 2000, the Company changed its estimate of the useful life of this asset from 10 years to 3 years.

The reclassified consolidated balance sheet at March 31, 2000, among other things, reflects both of these reclassifications.

NOTE C - DISCONTINUED OPERATIONS

On November 30, 2000, the Company formalized its decision to exit its land-based operations no later than March 31, 2001, the end of its fiscal year. The disposition of the land-based operations represents the disposal of a business segment under APB Opinion No. 30. Accordingly, results of these operations have been classified as discontinued and prior periods have been restated, including the reallocation of fixed overhead charges to both business segments. As of December 29, 2000, the Company sold its land-based operations in Albuquerque, New Mexico; San Antonio, Texas; and Bend, Oregon to Automotive Disposition Management Services, Inc., ("ADM") an affiliated Arizona corporation, in exchange for a 16% interest in ADM. The Company sold substantially all of its land-based operations in Scottsdale Arizona, to certain of its independent contract brokers effective February 28, 2001, thereby completing the discontinuance of all land-based operations. The Company has recorded an actual loss of $748,475 on the sale of its land-based operations to ADM, recorded total losses of $277,388 related to the earlier closing of its Pennsylvania operation and accrued an estimated loss of $1,313,582 on disposal of its Scottsdale operations, including $50,000 in estimated future expenses, included in accrued expenses. Total losses on disposition of land-based operations increased $687,392 over the amount reported in the Company's interim financial statements contained in Form 10-Q for the period ended December 31, 2000. The additional losses included among other things; $250,000 in additional allowance for losses for unpaid balances due the Company at December 31, 2000 from its independent contractor brokers, additional losses of $225,693 attributable to the sale and disposition of inventory during the three months ended March 31, 2001 that could not be charged to and collected from such brokers, an additional loss of $38,596, from the sale of subsidiary operations other than Scottsdale, with the balance attributable to general and administrative expenses related to closing the Scottsdale operation.

The following schedule of net assets from discontinued operations, long term debt and notes payable of discontinued operations, and financial statements show the effect of discontinued operations to the consolidated balance sheets at March 31, 2001 and March 31, 2000 and to the condensed consolidated statements of operations and cash flow for the fiscal years ended March 31, 2001, 2000 and 1999.

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

SCHEDULE OF NET ASSETS FROM DISCONTINUED OPERATIONS:
<TABLE>
<CAPTION>

	MARCH 31, 2001	MARCH 31, 2000

ASSETS:		
<S>	<C>	<C>
Accounts receivable - trade, net	$60,659	$ 5,743,845
Accounts receivable - employees and brokers, net	-	332,122
Inventory	28,000	4,648,492
Goodwill and property and equipment	-	316,311
	88,659	11,040,770
LIABILITIES:		
Accounts payable - trade	66,847	4,401,858
Notes payable - related party and other	-	5,376,821
Accrued liabilities	--	238,925
	66,847	10,017,604
NET ASSETS FROM DISCONTINUED OPERATIONS	$21,812	$ 1,023,166

</TABLE>

RESULTS OF OPERATIONS OF DISCONTINUED LAND-BASED SEGMENT:
AUTOTRADECENTER.COM INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

		FOR THE YEAR ENDED		
	3/31/2001*	3/31/2000	3/31/1999
<S>	<C>	<C>	<C>
Net Sales	$ 123,171,010	$ 131,568,705	$ 97,665,410
Cost of Sales	117,257,094	125,770,135	93,388,836
Gross Profit	5,913,916	5,799,570	4,276,574
Operating Expenses:			
Selling	4,376,272	3,843,922	2,772,192
General and administrative	1,199,064	1,783,874	679,383
Bad debt expense	75,000	1,045,970	90,055
Depreciation and amortization	36,165	38,428	3,816
Total Operating Expenses	5,686,501	6,712,194	3,545,446
Income(loss) from operations	227,415	(912,624)	731,128
Other income (expense):			
Miscellaneous	139,599	102,133	70,686
Interest expense	(690,853)	(887,094)	(353,323)
Total other income(expense) - net	(551,254)	(784,961)	(282,637)
Net income (loss) before income taxes *	$ (323,839)	$ (1,697,585)	$ 449,401

* Through 12/31/00 date of discontinuance
</TABLE>

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Long term debt and notes payable related to discontinued operations at March 31, 2000 consisted of the following:

<TABLE>
<CAPTION>

RELATED PARTY AND AFFILIATES:

<S> <C>	<C>
o Notes payable to former officer and director, 12% annual interest payable monthly, collateralized by all accounts receivable, inventory, equipment and certain intangibles, $852,000 due April 1, 2001, $300,000 due January 15, 1999, 30 day renewable terms, subordinated to senior debt. The $852,000 note can be accelerated if either Roger L. Butterwick or John E. Rowlett ceases to be an officer or director. (See 1. and 2. below)	$ 960,000
o Note payable to an entity controlled by a former officer and director of the Company, 12% annual interest payable monthly, collateralized by all accounts receivable, inventory, equipment, and certain intangibles. $569,307 is due June 30, 2000, $569,307 is due September 30, 2000, $569,306 is due December 31, 2000 with the balance of $967,500 due April 1, 2001. This note is subordinated to senior debt and can be accelerated if either Roger L. Butterwick or John E. Rowlett ceases to be an officer or director (See 2. below).	2,338,613
o $1,572,000 line of credit to an entity controlled by three officers of ANET-NW, annual interest at prime plus 6% (currently 15%), secured by all accounts receivable, inventory, and furniture and equipment, due July 14, 2000.	1,409,683
o Note payable to an entity controlled by two officers of ANET-NM, 15% annual interest payable monthly, due June 30, 2000, subordinated to senior debt.	174,116
o Note payable to an entity controlled by two former officers and directors of the Company, 12% annual interest payable monthly, collateralized by inventory, due May 13, 2000 and 30 day renewable terms, subordinated to senior debt (See 2. below).	300,000
o Notes payable to a related party, 15% annual interest payable monthly, due on demand.	17,000
o Note payable to a related party, 15% annual interest payable monthly, due on demand.	35,000
o Note payable to an entity controlled by two officers of ANET-NM, 12% annual interest payable monthly, due on demand.	50,000
o Note payable to an officer of ANET-NM, 15% annual interest payable monthly, due upon 30 days notice, subordinated to senior debt.	92,409
Total long-term debt and notes payable discontinued operations	5,376,821
Less current portion of long-term debt and notes payable: Related party and affiliates	3,557,321
Total long-term debt	$1,819,500

</TABLE>

1. A note in the amount of $300,000 is convertible, at the option of note holder, into shares of the Company's common stock at a conversion price of $0.10 per share. The option expires 30 days after the term of the note. This note was converted into 3,000,000 shares of common stock on May 1, 2000.

2. Various notes maturing during the year were extended by mutual agreement.

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated balance sheet for the year ended March 31, 2000:

<TABLE>
<CAPTION>

ASSETS	2000 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	2000 AS RECLASSIFIED

Current assets:			
<S>	<C>	<C>	<C>
Cash	$ 4,355,738	$ -	$ 4,355,738
Accounts receivable - trade	5,743,845	(5,743,845)	-
Accounts receivable - employees and related parties	332,122	(332,122)	-
Inventory	4,648,492	(4,648,492)	-
Prepaid expenses and other	110,272	-	110,272
Net assets of discontinued operations, net	-	1,023,166	1,023,166
Total current assets	15,190,469	(9,701,293)	5,489,176
Property and equipment, net	1,423,398	(610,280)	813,118
Software, net	-	12,013,608	12,013,608
	1,423,398	11,403,328	12,826,726
Intangible assets, net	13,506,484	(11,719,639)	1,786,845
Total assets	$ 30,120,351	$(10,017,604)	$ 20,102,747
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable - trade	$ 4,401,858	$ (4,401,858)	$ -
Accounts payable - employees and related parties	-	-	-
Notes payable - related party	4,086,128	(4,086,128)	-
Notes payable - bank	1,112,418	-	1,112,418
Notes payable - other	-	-	-
Accrued liabilities	245,049	(238,925)	6,124
Total current liabilities	9,845,453	(8,726,911)	1,118,542
Non-current liabilities:			
Deferred income taxes	-	-	-
Long term debt - related party	1,819,500	(1,290,693)	528,807
Total non-current liabilities	1,819,500	(1,290,693)	528,807
Commitments and contingencies			
Stockholders' equity:			
Convertible preferred stock, Series C; $0.10 par value; 400,000 shares authorized; 20,800 issued and outstanding in 2000; liquidation preference $100.00 per share	1,906,536	-	1,906,536
Convertible preferred stock, Series D; $0.10 par value; 600,000 shares authorized; 31,200 issued and outstanding in 2000; liquidation preference $100.00 per share	2,859,805	-	2,859,805
Common stock, no par value; 100,000,000 shares authorized; 27,652,609 shares issued and outstanding in 2000	19,779,542	-	19,779,542
Retained deficit	(6,090,485)	-	(6,090,485)
Total stockholders' equity	18,455,398	-	18,455,398
Total liabilities and stockholders' equity	$ 30,120,351	$(10,017,604)	$ 20,102,747

</TABLE>

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated balance sheet for the year ended March 31, 1999:

<TABLE>
<CAPTION>

ASSETS	1999 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	1999 AS RECLASSIFIED
Current assets:			
<S>	<C>	<C>	<C>
Cash	$ 297,752	$ -	$ 297,752
Accounts receivable - trade	4,971,798	(4,873,188)	98,610
Accounts receivable - employees and related parties	324,248	(324,248)	-
Inventory	5,028,357	(5,028,357)	-
Prepaid expenses and other	79,153	(73,887)	5,266
Total current assets	10,701,308	(10,299,680)	401,628
Net assets of discontinued operations	-	2,280,228	2,280,228
Property and equipment, net	168,444	(50,308)	118,136
Software, net	-	5,442	5,442
	168,444	2,235,362	2,403,806
Intangible assets, net	2,207,378	(221,995)	1,985,383
Total assets	$ 13,077,130	$ (8,286,313)	$ 4,790,817
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable - trade	4,198,742	(4,174,029)	24,713
Accounts payable - employees and related parties	250,251	(250,251)	-
Notes payable - related party	1,902,833	(1,902,833)	-
Notes payable - bank	1,268,500	-	1,268,500
Notes payable - other	301,000	(301,000)	-
Accrued liabilities	269,117	(218,394)	50,723
Total current liabilities	8,190,443	(6,846,507)	1,343,936
Non-current liabilities:			
Deferred income taxes	7,010	-	7,010
Long-term debt - related party	1,968,613	(1,439,806)	528,807
Total non-current liabilities	1,975,623	(1,439,806)	535,817
Commitments and contingencies			
Stockholders' equity:			
Convertible preferred stock, Series B; $10.00 par value; 250,000 shares authorized; 47,000 issued and outstanding in 1999	372,037	-	372,037
Common stock, no par value; 100,000,000 shares authorized; 20,385,084 shares issued and outstanding in 1999	2,664,479	-	2,664,479
Retained deficit	(125,452)	-	(125,452)
Total stockholders' equity	2,911,064	-	2,911,064
Total liabilities and stockholders' equity	$ 13,077,130	$ (8,286,313)	$ 4,790,817

</TABLE>

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated statement of operations for the year ended March 31, 2000:

<TABLE>
<CAPTION>

	2000 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	2000 AS RECLASSIFIED
<S>	<C>	<C>	<C>
Net sales	$ 131,861,292	$(131,569,705)	$ 291,587
Cost of sales	125,770,135	(125,770,135)	-
Gross profit	6,091,157	(5,799,570)	291,587
Operating expenses:			
Salary	-	54,000	54,000
Selling	4,084,987	(3,843,922)	241,065
General and administrative	2,397,342	(1,837,874)	559,468
Bad debt expense	1,045,970	(1,045,970)	-
Depreciation and amortization	358,228	(38,428)	319,800
Total operating expenses	7,886,527	(6,712,194)	1,174,333
Loss from operations	(1,795,370)	912,624	(882,746)
Other income (expense):			
Miscellaneous	102,133	(102,133)	-
Interest expense - related party	(768,121)	704,665	(63,456)
Interest expense	(182,429)	182,429	-
Total other income (expense) - net	(848,417)	784,961	(63,456)
Net loss from continuing operations	(2,643,787)	1,697,785	(946,202)
Loss from discontinued operations of land-based segment	-	(1,697,585)	(1,697,585)
Net loss before income taxes	(2,643,787)	-	(2,643,787)
Income tax (expense) benefit	56,034	(56,034)	-
Continuing operations	-	-	-
Discontinued operations	-	56,034	56,034
	56,034	-	56,034
Net Loss	$ (2,587,753)	$ -	$ (2,587,753)
Basic loss per share	$ (0.12)		
Continuing operations		$ (0.04)	$ (0.04)
Discontinued operations		$ (0.08)	$ (0.08)
Diluted loss per share	$ (0.12)		
Continuing operations		$ (0.04)	$ (0.04)
Discontinued operations		$ (0.08)	$ (0.08)
Weighted average shares number of common shares outstanding			
Basic	21,638,671	-	21,638,671
Fully diluted	21,638,671	-	21,638,671

</TABLE>

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated statement of operations for the year ended March 31, 1999:

<TABLE>
<CAPTION>

	1999 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	1999 AS RECLASSIFIED
<S>	<C>	<C>	<C>
Net sales	$ 97,665,410	$(97,665,410)	$ -
Cost of sales	93,388,836	(93,388,836)	-
Gross profit	4,276,574	(4,276,574)	-
Operating expenses:			
Salary	-	63,000	63,000
Selling	2,772,192	(2,772,192)	-
General and administrative	868,556	(742,383)	126,173
Bad debt expense	90,055	(90,055)	-
Depreciation and amortization	27,858	(3,816)	24,042
Total operating expenses	3,758,661	(3,545,446)	213,215
Income (loss) from operations	517,913	(731,128)	(213,215)
Other income (expense):			
Miscellaneous	70,686	(70,686)	-
Interest expense - related party	(286,824)	223,368	(63,456)
Interest expense	(129,955)	129,955	-
Total other income (expense) - net	(346,093)	282,637	(63,456)
Net (loss) income from continuing operations	171,820	(448,491)	(276,671)
Income from discontinued operations of land-based segment	-	448,491	448,491
Net income before income taxes	171,820	-	171,820
Income tax (expense) benefit	(56,579)	56,579	-
Continuing operations	-	50,302	50,302
Discontinued operations	-	(106,881)	(106,881)
	(56,579)	-	(56,579)
Net Income	$ 115,241	$ -	115,241
Basic earnings (loss) per share	$ 0.01		
Continuing operations		$ (0.02)	$ (0.02)
Discontinued operations		$ 0.03	$ 0.03
Diluted earnings (loss) per share	$ 0.01		
Continuing operations		$ (0.02)	$ (0.02)
Discontinued operations		$ 0.03	$ 0.03
Weighted average shares number of common shares outstanding			
Basic	13,726,397	-	13,726,397
Fully diluted	22,826,745	-	22,826,745

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated statement of cash flows for the year ended March 31, 2000:

<TABLE>
<CAPTION>

`	2000 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	2000 AS RECLASSIFIED
Cash flows from operating activities:			
<S>	<C>	<C>	<C>
Net loss	$ (2,587,753)	$ 2,587,753	$ -
Continuing operations-net of income taxes	-	(946,202)	(946,202)
Discontinued operations-net of income taxes	-	(1,641,551)	(1,641,551)
	(2,587,753)	-	(2,587,753)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	358,228	(38,428)	319,800
Bad debt expense	1,045,970	(1,045,970)	-
Stock or stock options issued for services	351,280	-	351,280
(Increase) decrease in:			
Net assets of discontinued operations	-	1,257,062	1,257,062
Accounts receivable	(1,825,891)	1,924,501	98,610
Inventory	379,866	(379,866)	-
Prepaid expenses and other current assets	24,915	(129,921)	(105,006)
Increase (decrease) in:			
Accounts payable	(47,135)	22,423	(24,712)
Accrued liabilities	(67,774)	23,175	(44,599)
Deferred income taxes	(3,545)	(3,465)	(7,010)
Net cash provided by (used in) operating activities	(2,371,839)	1,629,511	(742,328)
Cash flows from investing activities:			
Purchase of property and equipment and software	(536,512)	116,147	(420,365)
Sale of property and equipment	62,675	(16,730)	45,945
Investment in other assets	-	-	-
Net cash paid for acquisitions	-	-	-
Net cash used in investing activities	(473,837)	99,417	(374,420)
Cash flows from financing activities:			
Net Proceeds from borrowings	85,699,933	(85,541,540)	158,393
Repayment of borrowings	(85,856,015)	85,856,015	-
Proceeds from related party borrowings	3,175,703	(3,175,703)	-
Repayment of related party borrowings	(1,132,300)	1,132,300	-
Proceeds from long-term debt	-	-	-
Proceeds from issuance of convertible preferred stock	4,766,341	-	4,766,341
Proceeds from issuance of common stock	250,000	-	250,000
Net cash provided by financing activities	6,903,662	(1,728,928)	5,174,734
Net change in cash	4,057,986	-	4,057,986
Beginning cash balance	297,752	-	297,752
Ending cash balance	4,355,738	-	4,355,738

Supplemental disclosures:

Interest paid	$ 950,550	$ -	$ -
Interest paid including discontinued operations	$ -	$ 887,094	$ 887,094
Interest paid for continuing operations	$ -	$ 64,456	$ 63,456
Income taxes paid	$ 3,000	-	3,000

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

Impact of discontinued operations to the consolidated statement of cash flows for the year ended March 31, 1999:

<TABLE>
<CAPTION>

	1999 AS ORIGINALLY REPORTED	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	1999 AS RECLASSIFIED
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss) income	$ 115,241	$ (115,241)	$ -
Continuing operations-net of income taxes	-	(226,369)	(226,369)
Discontinued operations-net of income taxes	-	341,610	341,610
	115,241	-	115,241
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,858	(3,816)	24,042
Bad debt expense	90,055	(90,055)	-
Stock or stock options issued for services	23,083	-	23,083
(Increase) decrease in:			
Net assets of discontinued operations	-	(1,823,695)	(1,823,695)
Accounts receivable	(3,582,169)	3,483,559	(98,610)
Inventory	(2,845,459)	2,845,459	-
Prepaid expenses and other current assets	(70,906)	65,640	(5,266)
Increase (decrease) in:			
Accounts payable	2,448,261	(2,423,549)	24,712
Accrued liabilities	95,445	(44,722)	50,723
Deferred income taxes	3,545	3,465	7,010
Net cash provided by (used in) operating activities	(3,695,046)	2,012,286	(1,682,760)
Cash flows from investing activities:			
Purchase of property and equipment and software	(158,287)	(17,159)	(175,446)
Sale of property and equipment	56,277	1,243	57,520
Investment in other assets	(605)	605	-
Net cash paid for acquisitions	(79,570)	8,664	(70,906)
Net cash used in investing activities	(182,185)	(6,647)	(188,832)
Cash flows from financing activities:			
Net Proceeds from borrowings	4,868,500	(3,600,000)	1,268,500
Repayment of borrowings	(3,625,000)	3,625,000	-
Proceeds from related party borrowings	1,903,033	(1,903,033)	-
Repayment of related party borrowings	(560,500)	560,500	-
Proceeds from long-term debt	1,216,913	(688,106)	528,807
Proceeds from issuance of convertible preferred stock	372,037	-	372,037
Net cash provided by financing activities	4,174,983	(2,005,639)	2,169,344
Net change in cash	297,752	-	297,752

Beginning cash balance	-	-	-
Ending cash balance	$ 297,752	$	$ 297,752
Supplemental disclosures:			
Interest paid	$ 710,012	$ (710,012)	$ -
Interest paid including discontinued operations	$ -	$ 355,006	$ 355,006
Interest paid for continuing operations	$	$ 63,456	$ 63,456
Income taxes paid	$ 73,527	-	$ 73,527

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE C - DISCONTINUED OPERATIONS (CONTINUED)

The following schedule shows the computation of the loss resulting from discontinuing the land-based segment:

<TABLE>
<CAPTION>

<S>	<C>	<C>
Loss from sale of: ANET-NM, ANET-NW, and ANET-SA:		
Carrying value	$1,596,933	
Sales price	1,200,000	
Loss	396,933	
Un-amortized goodwill	351,542	
Total loss on sale of land-based subsidiaries		$ 748,475
Loss from transfer and closing of Scottsdale land-based facility:		
Operations:		
Sale of equipment	17,793	
Inventory losses due to sale	425,693	
Uncollectible brokers accounts	593,635	
Costs of closing operations	226,461	
Accured future costs of closing operations	50,000	
		1,313,582
Loss from closing Pennsylvania		277,388
Total loss from discontinuing land-based segment		$2,339,445

</TABLE>

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following: (No allowance for doubtful accounts is considered necessary since all accounts are deemed fully collectible.)

<TABLE>
<CAPTION>

	March 31,	
	2001	2000
<S>	<C>	<C>
Trade accounts receivable	$224,298	$ -
Due from employees	8,535	-
	$232,833	$ -

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<TABLE>
<CAPTION>

	Depreciation LIFE/METHOD	March 31, 2001	March 31, 2000
<S>	<C>	<C>	<C>
Computers and equipment	3 years/SL	$ 739,638	$ 665,890
Vehicles	3 years/SL	-	229,910
Furniture and fixtures	7 years/SL	62,072	41,616
Leasehold improvements	5 years/SL	6,300	-
		808,100	937,416
Less accumulated depreciation		(299,061)	(124,298)
		$ 508,949	$ 813,118
Software and Website programming consist of the following:			
Software/systems design	3 years/SL	$10,804,765	$12,448,037
Less accumulated amortization		(3,265,427)	(434,429)
		$ 7,539,338	$12,013,608

</TABLE>

The Company, in its fiscal year ended March 31, 2001, charged an impairment loss of $2,261,486 on the disposal of software acquired when the Company purchased all of the outstanding common stock in NDSCo. This software provides dealer-to-dealer Internet trading for the exchange of used automobiles and is not included in the Company's current business plan which is focused on the remarketing of off-lease and program vehicles .

NOTE F - GOODWILL AND INTANGIBLES

<TABLE>
<CAPTION>

	Amortization LIFE/METHOD	March 31, 2001	March 31, 2000
<S>	<C>	<C>	<C>
Goodwill and intangibles		$ 1,989,612	$1,988,611
Less accumulated amortization	10 years/SL	(398,912)	(201,766)
		$ 1,590,700	$1,786,845

</TABLE>

NOTE G - LONG-TERM DEBT AND NOTES PAYABLE:

<TABLE>
<CAPTION>

RELATED PARTY AND AFFILIATES:	2001	2000
<S>	<C>	<C>

o Notes payable to former officer and director, 12% annual interest payable monthly, collateralized by all accounts receivable, inventory, equipment and certain intangibles due April 1, 2002. The note can be accelerated if either Roger L. Butterwick or John E. Rowlett ceases to be an officer or director. The note is guaranteed by Mr. Butterwick and Mr. Rowlett as individuals. The note is convertible at the option of the holder into common shares of the Company at the lesser of $0.375 per share or the average trading price of such common shares

for 30 previous trading days prior to conversion.	$ 402,000	$ 192,000

o Note payable to an entity controlled by a former officer and director of the Company, 12% annual interest payable monthly, collateralized

RELATED PARTY AND AFFILIATES:	2001	2000
by all accounts receivable, inventory, equipment, and certain intangibles due April 1, 2002 This note is subordinated to senior debt and can be accelerated if either Roger L. Butterwick or John E. Rowlett cease to be an officer or director. The note is guaranteed by Mr. Butterwick and Mr. Rowlett as individuals The note is convertible at the option of the holder into common shares of the Company at the lesser of $0.375 per share or the average trading price of such common shares for 30 previous trading days prior to conversion.	336,807	336,807
BANK:		
o $3,000,000 revolving line of credit, 1.5% over prime, secured by all accounts receivable, inventory, equipment and certain intangibles, partially guaranteed by one officer, due June 30, 2000. (Note 1)	-	1,112,418
Total notes payable	738,807	1,641,225
Less long-term notes	(538,807)	(528,807)
Notes payable-current portion (see Note R-Subsequent events)	$ 200,000	$ 1,112,418

</TABLE>

1. Subject to the bank's approval, the loan may be increased to the lessor of 85% of the eligible accounts receivable or $3 million. The amount of the average unused line as of year-end is $1,765,895. The bank charges a fee on the amount of the unused line by taking the average unused portion times .25% divided by 360 times the days in the month. This calculated into a fee of $380 for the month of March 2000. In addition, the loan requires net income and equity limits be met and limits capital expenditures, officers' pay and additional indebtedness. At March 31, 2000, the Company was in violation of various provisions of the loan agreement. These provisions apply to the amount of net loss incurred and the amount of capital expenditures incurred. The lender subsequently waived these Events of Default. The line of credit was repaid in full in February 2001.

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of each class of financial instrument are as follows:

CASH AND CASH EQUIVALENTS, RECEIVABLES, AND ACCOUNTS PAYABLE

The carrying amount approximates fair value due to the short-term maturity of these instruments.

LONG-TERM DEBT

The fair value of long-term debt was based upon market prices where available or current borrowing rates available for financing with similar terms and maturities.

<TABLE>
<CAPTION>

	March 31,			
	2001		2000	
	FAIR VALUE	Carrying VALUE	FAIR VALUE	Carrying VALUE
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents	$209,068	$209,068	$4,355,738	$4,355,738
Notes payable		$738,807	$1,641,225	$1,641,225

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE I - INCOME TAXES

The income tax provision (benefit) shown in the consolidated income statement is detailed for each year.

<TABLE>
<CAPTION>

	March 31,		
	2001	2000	1999
Currently payable (receivable):			
<S>	<C>	<C>	<C>
Federal	$ -	$(38,459)	$43,564
State	-	(10,565)	9,470
Total currently payable	-	(49,024)	53,034
Deferred:			
Federal	-	(5,105)	3,154
State	-	(1,905)	391
Total deferred	-	(7,010)	3,545
Total	$ -	$(56,034)	$56,579

</TABLE>

The income tax provision (benefit) for continuing operations varied from the federal statutory rate as follows for each year.

<TABLE>
<CAPTION>

	March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
U.S. Statutory rate	-34%	-34%	34%
State income taxes, net of federal income tax benefit	-8%	-8%	8%
Valuation allowance	42%	39%	0%
	0%	3%	42%

</TABLE>

The Company has a federal tax loss carryforward of approximately $14,300,000 of which approximately $1,450,000 expires in 2020 and $12,850,000 expires in 2021.

The Company has undergone a change in ownership of over 50% during the preceding 36 months. Accordingly, Section 382 of the Internal Revenue Code will limit the Company's annual utilization of its net-operating loss carryforward to an amount equal to the pre-change value of the Company multiplied by the federal long-term tax exempt interest rate. The application of Section 382 also may result in a portion of the Company's net operating loss carryforwards to expire unused.

The following summarizes the tax effects of the significant temporary differences which comprise the deferred tax asset or liability for each year.

<TABLE>
<CAPTION>

	March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Bad debt reserve	$ -	$ 439,307	$ 37,823

Other		-	(41,368)
Net operating loss carryforward	6,013,809	615,049	-
Net deferred tax asset (liability)	6,013,809	1,054,356	(3,545)
Valuation allowance	(6,013,809)	(1,054,356)	-
Net deferred income tax (liability)	$ -	$ -	$ (3,545)

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE J - EARNINGS PER SHARE

Basic earnings per common share are based on the weighted average number of common shares outstanding in each year. Diluted earnings per common share assume that any dilutive convertible preferred shares and convertible debt outstanding during each year were converted at the first available conversion date, with related interest and outstanding common shares adjusted accordingly. It also assumes that outstanding common shares were increased by shares issuable upon exercise of those stock options and warrants for which market price exceeds exercise price, to the extent they are not anti-dilutive.

<TABLE>
<CAPTION>

The computation of basic and dilutive earnings per common share follows:	YEAR ENDED MARCH 31,		
	2001	2000	1999
Income (loss) available to common stockholders:			
<S>	<C>	<C>	<C>
Continuing operations-basic and diluted	$ (9,060,369)	$ (946,202)	$ (226,369)
Discontinued operations	(2,663,285)	(1,641,551)	341,610
Effect of dilutive securities - convertible debt	-	-	68,573
	$(11,723,654)	$ (2,587,753)	$ 183,814
Weighted average number of common shares outstanding - basic	32,777,824	21,638,671	13,726,397
Conversion of Series A preferred stock	-0-	-0-	4,181,427
Conversion of Series B preferred stock	-0-	-0-	388,235
Exercise of stock options	-0-	-0-	167,260
Exercise of warrants	-0-	-0-	844,655
Conversion of debt	-0-	-0-	3,518,771
Weighted average number of common shares outstanding - diluted	32,777,824	21,638,671	22,826,745
Basic earnings (loss) per common share:			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.02)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.03
Diluted earnings (loss) per common share			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.01)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.02

</TABLE>

The effects of convertible debt and preferred stock along with the stock options and warrants have not been included in the calculation of diluted earnings per share for the years ended March 31, 2001 and March 31, 2000, because they are anti-dilutive.

As described in Notes G, L and M, the Company has convertible debt, contingently issuable stock, options, warrants and convertible preferred stock.

NOTE K - COMMITMENTS

The Company leases its facility in Scottsdale, Arizona from an unrelated third party under an operating lease expiring September 30, 2002 at an annual cost of $87,737. It also is obligated to pay annual net rentals of approximately $33,497 for a land-based facility in Denver, Colorado. Reserves established at March 31, 2001, should be adequate to cover such expenses in the event the Company is unable to further sub-lease this property. Both of these leases require the Company to pay all maintenance, insurance, and taxes on the leased property.

The following schedule shows the future minimum lease payments required by year under the various operating leases:

Year ending March 31,	2002	$286,387
	2003	96,162
	2004	38,548
	2005	31,397
	2006	5,233
		$457,727

The Company sub-leases a portion of its former land-based Scottsdale facility to two unrelated third parties. One of the sub-leases is a $3,000 month-to-month rental. The other third party's sub-lease is a non-cancelable agreement that expires on September 30, 2002 and calls for annual rentals of $62,064. Neither of these sub-leases have been used to reduce the Company's minimum annual operating lease obligation (see above table). Rental expense was $435,938, $192,296, and $195,312 for the years ended March 31, 2001, 2000, and 1999 respectively. The Company also has contracted with a vendor to host its remarketing websites for a base fee of $10,900 per month through April 30, 2002.

NOTE L - BUSINESS ACQUISITIONS

AUTO NETWORK GROUP OF NEW MEXICO, INC. ("ANET-NM")

On June 1, 1998, the Company entered into a Purchase of Goodwill Agreement with JBS, LLC, an entity whose members comprise the management team of ANET-NM. In consideration for the goodwill which ANET-NM is receiving from JBS, JBS was granted a total of 800,000 contingently issuable restricted shares of the Company's common stock valued at $.20 per share as follows: 266,667 shares issued upon execution of the Agreement, held in escrow, and subject to forfeiture if ANET-NM is not doing business as of June 1, 1999: 266,667 shares to be earned for the period June 1, 1998 through March 31, 1999 if pre-tax earnings of ANET-NM are at least $60,000; and 266,666 shares to be earned for the period April 1, 1999 through March 31, 2000 if pre-tax earnings of ANET-NM are at least $120,000. In addition, JBS may earn options to purchase restricted shares of the Company's common stock at the rate of 5 options for every dollar of pre-tax earnings of ANET-NM in excess of $60,000 for the period ending March 31, 1999, and 5 options for every dollar of pre-tax earnings of ANET-NM in excess of $120,000 for the year ended March 31, 2000. The options are to be exercisable for a period of 3 years from date of grant at the bid price as of March 31, 1999 or 2000, respectively.

In accordance with the terms of the Purchase of Goodwill Agreement, 266,667 shares of contingently issuable shares of common stock were granted to JBS, LLC as ANET-NM was doing business at June 1, 1999. For the period from June 1, 1998 through March 31, 1999, ANET-NM had pre-tax earnings of $107,962 resulting in JBS LLC, earning 266,667 shares and earning 239,810 options, exercisable at $3.00 per share. For

NOTE L - BUSINESS ACQUISITIONS (CONTINUED)

the period ending March 31, 2000, ANET-NM had pre-tax earnings of $70,395 resulting in no shares being earned by JBS, LLC. However, in an amendment to the purchase agreement entered into during the year ended March 31, 2001, the Company issued the 266,666 remaining contingently issuable shares to JBS, LLC and increased purchased goodwill by $53,333. All purchased goodwill was being amortized over 10 years.

When the company exchanged all of its interest in ANET-NM, on December 29, 2000, for its interest in ADM, the balance of unamortized goodwill of $136,889 was charged to loss on discontinuance of land-based operations.

AUTO NETWORK GROUP NORTHWEST, INC. ("ANET-NW")

On July 20, 1999, the Company entered into an Exchange of Common Stock Agreement with ANET-NW. In consideration for the stock which the Company is receiving from ANET-NW, ANET-NW was granted a total of 500,000 contingently issuable restricted shares of the Company's common stock valued at $1.50 per share as follows: up to 83,333 shares shall no longer be forfeitable on July 1, 2000 under the following conditions: if audited pre-tax earnings are less than $30,000 all 83,333 shares shall be forfeited. If the audited pre-tax earnings are between $30,000 and $50,000 a pro-rata amount of shares shall be issued and the balance shall be forfeited. If the audited pre-tax earnings are $50,000 or over the restricted stock will be issued and any earnings in excess of $50,000 shall cause options to be earned at a ratio of 5 options for every $1.00 of excess earnings. These options shall be priced at the closing bid price of the Company's common stock on April 1 following the March 31 year end. As of July 1, 2001, 166,667 shares can be earned at the following levels: less than $50,000 of pre-tax audited earnings then shares are forfeited, $50,000 to $100,000 a pro-rata amount of shares will be issued, over $100,000 the shares will be issued and options will be earned with the above formula. As of July 1, 2002, 250,000 shares can be earned at the following levels: less than $75,000 of pre-tax audited earnings then shares are forfeited, $75,000 to $150,000 a pro-rata amount of shares will be issued, over $150,000 the shares will be issued and options will be earned with the above formula.

For the period from July 20, 1999 through March 31, 2000, ANET-NW had pre-tax earnings of $41,721 resulting in ANET-NW earning 69,535 shares.

The goodwill purchased of $193,391 was being amortized on a straight-line basis over 10 years. On December 31, 2000, the balance of unamortized goodwill of $176,886 was charged to loss on disposition of land-based operations.

Subsequent Events. In April, 2001 ADM the then parent of ANET-NW entered into an agreement with ANET-NW management under which ANET-NW reacquired all of its outstanding common shares from ADM and among other things agreed to return to ADM 430,465 shares of the Company's stock that were being held in escrow pending the results of the original earn-out agreement. The Company's Board of Directors has directed management to exercise its option to exchange these shares for 8.55% of its interest in Automotive Disposition Management Company ("ADM") based upon an agreement between the parties to the transaction wherein ADM acquired certain of the operating subsidiaries of the Company (See Note C). Effective July 1, 2001 all options previously issued to ANET-NW management and employees as well as rights to earn new options expired unexercised.

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE L - BUSINESS ACQUISITIONS (CONTINUED)

AUTO GROUP OF SAN ANTONIO, LTD.

Effective April 1, 2000, the Company opened an office and warehouse wholesale operation in San Antonio, Texas. Auto Group of San Antonio Ltd., a Texas limited partnership, conducts business in San Antonio. The Company is the sole limited partner and the sole owner of a newly formed limited liability Company which serves as the general partner.

The Company loaned the limited partnership $450,000, which is evidenced by an unsecured promissory note with interest at the rate of 12% per annum payable monthly, in arrears. This note, which may be prepaid at any time, has a final maturity on March 31, 2005. The limited partnership has entered into a management agreement with JRB AutoBrokers, L.P. ("JRB"), a Texas limited partnership. JRB also loaned $100,000 to the limited partnership on similar terms to the Company's advance. This promissory note is subordinate to our loan. When ADM acquired the limited partnership they repaid the note to the Company in full.

Under the terms of the management agreement, JRB is responsible for all day-to-day management of the limited partnership with complete autonomy, subject only to reasonable review by the general partner. In addition, the Company granted a total of 468,750 contingently issuable restricted shares of the Company's common stock to JRB. At that time the shares were assigned a value of $2.00 per share. The issuance of 93,750 of the shares is subject only to the continuation of the business at March 31, 2001. Annually beginning March 31, 2001, 93,750 additional shares or a portion thereof will be released subject to the limited partnership achieving pre-determined pre-tax earnings. For example, if the limited partnership earns $100,000 for the year ended March 31, 2001, 93,750 of such shares will be issued to JRB. In the event earnings for the year fall below $100,000, a portion of these shares may still be issued After March 31, 2001, the pre-tax earnings floor increases through March 31, 2004. As part of the stock-for-stock agreement with ADM, 93,750 of the contingently issuable shares were issued to JRB in April of 2001. The balance of the contingently issuable shares, 375,000, were placed in escrow subject to the earn-out agreement. For the fiscal year ended March 31, 2001, JRB reported earnings of $78,157 entitling the managers of JRB to receive 73,272 earn-out shares for the year then ended. No additional future losses from discontinued operations has been accrued respecting the balance of the earn-out shares as the number of shares, if any, to be issued is not determinable.

AUTO NETWORK GROUP OF EASTERN PA., INC.

Effective April 1, 2000 the Company opened an office and warehouse wholesale operation in the Philadelphia, Pennsylvania area. The business in Pennsylvania is conducted by Auto Network Group of Eastern Pa., Inc., a Pennsylvania corporation. The Company is the sole shareholder of this Pennsylvania operation.

The Company loaned $300,000 to the Pennsylvania operation, which is evidenced by a secured promissory note with interest at the rate of 12% per annum payable monthly, in arrears. The note may be prepaid at any time and has a final maturity on March 31, 2006. Mr. Edward G. McCusker had agreed to loan $100,000 to the Pennsylvania operation on terms similar to our advance, on or before June 30, 2000. This loan was to be subordinate to the debt owed to us. Mr. McCusker did not advance such funds for the Pennsylvania operations and for this reason as well as others, the Company ceased its operations in Pennsylvania in the third quarter of 2000. The Company has filed a law-suit in the Courts of Pennsylvania naming Mr. and Mrs. McCusker as defendants in an effort to recover all or part of its $300,000 loan plus interest and costs. Although the Company believes that it is entitled to full recovery, it has charged the unpaid balance of its loan to the Pennsylavnia operations in the current year.

NOTE L - BUSINESS ACQUISITIONS (CONTINUED)

PINNACLE DEALER SERVICES, INC. ("PDS")

On August 20, 1998, the Company acquired PDS, an Arizona corporation, by issuing to the shareholders of PDS a total 300,000 restricted shares of common stock, valued at $0.20 per share, in exchange for the outstanding shares

of PDS. PDS provides financing programs for dealers who purchase vehicles from the Company.

The excess of the purchase price over the fair value of the net assets acquired (goodwill) was $47,813 and was being amortized on a straight-line basis over 10 years. At December 31, upon its decision, to close all land-based operations, the Company charged the balance of the PDS unamortized goodwill of $36,657 to loss on discontinuance of land-based operations.

NATIONAL DEALER SERVICES CO. ("NDSCO")

On March 1, 2000, the Company acquired NDSCo, a Utah corporation, by issuing to the shareholders of NDSCo a total 1,100,000 restricted shares of common stock, valued at $2.55 per share, in exchange for the outstanding shares of NDSCo. 100,000 shares of stock were held in escrow pending the successful completion of the new NDSCo software. The software was subsequently completed. NDSCo was a privately held corporation involved in the development of an electonic vehicle distribution system. They utilized a network of auto buying websites that empowered auto dealerships to research, finance and purchase vehicles online. They also provided manufacturers with the ability to list vehicles for sale to dealers in all parts of the country almost instantly from their own lots.

Please refer to Notes B and E for information regarding the reclassification to software of the excess paid over book-value for the NDSCo. Common stock. Subsequent to the reclassification, the Company determined that this software is impaired, and accordingly has charged the remaining unamortized balance to expense.

AUTOTRADECENTER REMARKETING SERVICES INC. & WALDEN REMARKETING SERVICES, INC. ("WALDEN REMARKETING")

On March 31, 1999, the Company acquired Walden Remarketing, a Minnesota corporation by issuing the shareholders of Walden Remarketing a total of 2,050,000 restricted shares of common stock, cash of $125,000, and a promissory note in the principal amount of $425,000. The Company valued the common stock at its estimated fair market value of $0.71 per share or $1,450,000. The promissory note accrues interest at the rate of 12% per annum and requires the Company to make 18 equal monthly payments of principal and interest beginning May 1, 1999.

The excess of the purchase price over the fair value of the net assets acquired (goodwill) was $1,985,383 and is being amortized on a straight-line basis over 10 years.

On April 20, 1999, the Company entered into a Consulting Agreement with the former majority shareholder of Walden Remarketing as part of the Company's acquisition of Walden Remarketing. The consulting services agreement is for a period of three years ending April 20, 2002. As consideration for the agreement, the Company has granted to the shareholder an option to purchase 3,000,000 shares of the Company's common stock at $3.00 per share. The options, which expire April 20, 2009, vest according to a schedule that is based on the trading price of the common stock.

On December 1, 1999, the Company entered into an agreement which provides for the termination and unwinding of all oustanding obligations and agreements that arose when the Company acquired Walden Remarketing. The balance on the promissory note issued as part of the acquistion in the amount of $314,475

NOTE L - BUSINESS ACQUISITIONS (CONTINUED)

was converted into common stock at a price of $1.00 per share. The Company changed the name from Walden Remarketing to AutoTradeCenter Remarketing Services Inc. and moved the operation to a new office in Scottsdale, Arizona.

The consulting services agreement entered into with the former majority shareholder of Walden Remarketing as part of the Company's acquisition of Walden

Remarketing was also terminated. As a result the option to purchase 3,000,000 shares of the Company's common stock at $3.00 per share expired.

BUSINESSTRADECENTER.COM INC. ("BTC")

On January 7, 1999, the Company incorporated BTC in Arizona to facilitate the buying and selling of vehicles at wholesale between dealers on the Internet. BTC has developed the technology and systems necessary to make the Company's inventory, as well as the inventory of member dealers, available for purchase and sale on the Company's Internet site. On March 23, 2000 it acquired the remaining 45% minority interest of BTC by issuing 5,000,000 shares of common stock, valued at $1.88 per share, which represents management's estimate of the fair market value of the common stock on the date of the transaction, and paying off a convertible $200,000 note, thereby making BTC a wholly-owned subsidiary.

The excess of the purchase price over the fair value of the net assets acquired (goodwill) was $9,374,550 and was being amortized on a straight-line basis over 10 years. Please refer to Note B for information regarding the reclassification of the purchase price paid by the Company for BTC from goodwill to software and the subsequent change in the estimate of its useful life from 10 years to 3 years.

The acquisitions described above were accounted for by the purchase method of accounting for business combinations. Accordingly, the accompanying consolidated statements of operations do not include any revenues or expenses related to these acquisitions prior to the respective closing dates. The cash portions of the acquisitions were financed through available cash and borrowings from the Company's line of credit.

The following schedule shows the pro-forma results for continuing operations for the years ended March 31, 2000 and March 31, 1999 assuming the acquisitions the Company acquired during the year ended March 31, 2000 occurred on April 1, 1998.

	Year ended March 31,	
	2000	1999
Net revenues	$ 291,587	$ -
Net loss	$(3,117,304)	$(2,534,363)

	Year ended March 31,	
	2000	1999
Basic loss per common share	$ (0.11)	$ (0.13)
Diluted loss per common share	$ (0.11)	$ (0.13)

These pro-forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which would have actually resulted had the combinations been in effect on April 1, 1998, or of future results of operations.

NOTE L - BUSINESS ACQUISITIONS (CONTINUED)

As a result of the acquisitions, the Company had the following non-cash activity:

<TABLE>
<CAPTION>

	Year ended March 31,	
Assets acquired:	2000	1999
<S>	<C>	<C>
Accounts receivable, net	$ --	$ 98,609
Prepaid expenses	--	3,520
Investment in subsidiaries	460	--
Property and equipment	802,708	34,655
Goodwill	11,607,064	2,141,158
Total assets acquired	12,410,232	2,277,942

Liabilities assumed:		
Accounts payable	--	84,712
Accrued liabilities	40,241	84,180
Total liabilities assumed	40,241	168,892
Notes payable issued	--	425,000
Value of common stock issued	12,369,991	1,604,480
Net cash paid	$ --	$ 79,570

</TABLE>

NOTE M - STOCKHOLDERS' EQUITY

COMMON STOCK

On July 10, 1997 (inception) the Company issued 9,000,000 shares of no-par value common stock for $30,000 to its founders. In December 1997, the Company sold 1,002,500 common shares for $25,062 pursuant to Rule 503 of Regulation D under the Securities Act of 1933 (commonly referred to as a "504 offering").

On March 31, 2001, the Company, in a private placement, sold 5,865,210 units at $0.25 per unit. Each unit consists of one share of no par common stock and one warrant (expiring March 31, 2006) enabling the warrant holder to acquire one share of common stock at $0.3125 per share, for each two warrants tendered. Subsequent to March 31, 2001 an additional 186,702 units were sold, under similar terms. The private placement subscription agreement contains an anti-dilution provision. Refer to Note R - Subsequent Events for additional disclosures related to the issuance of the number of shares of Common Stock to be issued pursuant to this private placement.

PREFERRED STOCK

SERIES C

During February, 2000 the Company issued 20,800 shares of Series C preferred stock ("Series C") for $2,080,000. Each share of Series C preferred stock is convertible, at the option of the holder, at any time, into 80 shares of Common Stock of the Corporation, which is based on the initial conversion price of $1.25. The Company assigned an intrinsic value of $1,697,280 to this conversion feature. As a result, a constructive dividend in this amount was recorded in the accompanying financial statements. Each share of Series C preferred stock is entitled to a $100 liquidation preference over common stockholders. The Series C preferred stock is non voting.

NOTE M - STOCKHOLDERS' EQUITY (CONTINUED)

The Company shall have the right and option upon notice to the holders of the Series C preferred stock to call, redeem, and acquire any or all of the shares of Series C preferred stock at a price equal to $110.00 per share, at any time to the extent such shares have not previously converted to common stock pursuant to the terms described above; provided, however, that the holders of the Series C preferred stock shall, in any event, have the right during the 30-day period immediately following the date of the Notice of Redemption, which shall fix the date for redemption, to convert their shares of Series C preferred stock in accordance with the terms described above.

On May 17, 2000 the Company filed Form S-1 Registration Statement under the Securities Act of 1933 to register the common shares to be issued upon conversion of the Series C preferred stock. On May 14, 2001 the Company filed Form S-1 Registration Statement Amendment Number 5 under the Securities Act of

1933 to register the common shares to be issued upon conversion of the Series C preferred stock.

In accordance with terms of the Series C preferred stock and a subsequent agreement with shareholders the Company issued an additional 2% (416 Shares) Series C preferred shares to its shareholders. As the additional shares are considered to be a cost of issuance, their cost is capitalized to the related equity account. Furthermore, the conversion price for the Series C preferred shares has been reduced to $0.75. No additional constructive dividend was recorded upon the reduction of the conversion price as there is no additional intrinsic value resulting from the reduction.

SERIES D

During February, 2000 the Company issued 31,200 shares of Series D preferred stock ("Series D") for $3,120,000. Each share of Series D preferred stock is convertible, at the option of the holder, at any time, into shares of Common Stock of the Corporation equal to $100.00 divided by the conversion price which shall be a price equal to 65% of the average closing bid price for the common stock for the 10 trading days immediately preceding the date of conversion. Shareholders of Series D are limited to owning at any given time no more than 5% of the total issued and outstanding Common Stock of the Corporation after giving effect to the issuance of the Common Stock to be received from any Series D conversion. The maximum conversion price shall be $4.00 per share. The Company assigned an intrinsic value of $1,680,000 to this conversion feature. As a result, a constructive dividend in this amount was recorded in the accompanying financial statements. Each share of Series D preferred stock is entitled to a $100 liquidation preference over common stockholders. The Series D preferred stock is non voting.

The Company shall have the right and option upon notice to the holders of the Series D preferred stock to call, redeem, and acquire any or all of the shares of Series D preferred stock at a price equal to $110.00 per share, at any time to the extent such shares have not previously converted to common stock pursuant to the terms described above; provided, however, that the holders of the Series D preferred stock shall, in any event, have the right during the 30-day period immediately following the date of the Notice of Redemption, which shall fix the date for redemption, to convert their shares of Series D preferred stock in accordance with the terms described above.

On May 17, 2000 the Company filed Form S-1 Registration Statement under the Securities Act of 1933 to register the common shares to be issued upon conversion of the Series D preferred stock. On May 14, 2001 the Company filed Form S-1 Registration Statement Amendment Number 5 under the Securities Act of 1933 to register the common shares to be issued upon conversion of the Series D preferred stock.

In accordance with terms of the Series D preferred stock the Company has deemed to issue an additional 2% (624 Shares) Series D preferred shares to its shareholders. As the additional shares are considered to be a cost of issuance, their cost is capitalized to the related equity account.

NOTE M - STOCKHOLDRS' EQUITY (CONTINUED)

STOCK OPTION PLANS

1997 STOCK OPTION PLAN:

On August 5, 1997, the shareholders of the Company adopted the 1997 Stock Option Plan ("Plan"), which provides for the granting of both incentive stock options and non-qualified options to eligible employees (including independent wholesale brokers), officers, and directors of the Company. Initially, a total of 1,000,000 shares of common stock were reserved for issuance pursuant to the exercise of stock options under this Plan (the "Option Pool"). The Option Pool is adjusted annually on the beginning of the Company's fiscal year to a number equal to 10% of the number of shares of common stock of the Company outstanding at the end of the Company's last completed fiscal year, or 1,000,000 shares, whichever is greater. For the fiscal years' beginning April 1, 1999, April 1, 2000, and April 30, 2001 the Option Pool was 2,038,508, 2,765,261 and 3,732,551 shares, respectively. The Plan is administered by the

Compensation Committee of the Board of Directors or, if there is no Committee, by the Board of Directors.

The Plan provides that disinterested directors, defined as non-employee directors or persons who are not directors of one of the Company's subsidiaries, will receive automatic option grants to purchase 10,000 shares of common stock upon their appointment or election to the Board of Directors of the Company. Options shall have an option price equal to 100% of the fair market value of the common stock on the grant date and shall have a minimum vesting period of one year from the date of grant.

The following table reflects activities in the Company's 1997 Option Plan:

<TABLE>
<CAPTION>

	Options Outstanding	Weighted Average Price per Share	Options Exercisable
<S>	<C>	<C>	<C>
Balance, March 31, 1998	350,000	$ 0.15	0
Granted	1,298,175	1.05	
Exercised			
Cancelled/Forfeited	(125,000)	0.71	
Balance, March 31, 1999	1,523,175	0.87	375,000
Granted	1,419,080	1.50	
Exercised			
Cancelled/Forfeited	(25,000)	0.15	
Balance, March 31, 2000	2,917,255	1.50	2,139,755
Granted	554,474	2.38	
Exercised	(362,925)	0.79	
Cancelled/Forfeited	(394,885)	1.25	
Balance, March 31, 2001	2,713,919	$ 1.47	2,606,729

</TABLE>

These shares vest according to length of service provided that the recipient is still employed by the Company or under contract pursuant to a work-for-hire agreement as of the vesting date. The vesting period for options issued to brokers who were performing services for the Company at the time of its disposition of land-based operations remain unchanged. The option prices range from $0.15 to $4.88.

NOTE M - STOCKHOLDRS' EQUITY (CONTINUED)

2000 EQUITY INCENTIVE COMPENSATION PLAN:

On November 29, 2000, the board of directors adopted the 2000 Equity Incentive Compensation Plan, which provides for granting stock options, stock appreciation rights, restricted and deferred stock, bonus stock, and other stock-based awards to officers, directors, employees, and independent contractors. The shareholders must still adopt this plan. The total number of shares of common stock that may be subject to the granting of awards under this plan at any time during the term of the plan is equal to 3,500,000 shares, plus the number of shares with respect to which awards previously granted under the plan that terminate without being exercised, and the number of shares that are surrendered in payment of any awards or any tax withholding requirements. During any fiscal year the number of options, stock appreciation rights, restricted shares of common stock, deferred shares of common stock, shares as a bonus or in lieu of other company obligations, and other stock-based awards granted to any one participant may not exceed 450,000 for each type of such award, subject to

adjustment in certain circumstances. The maximum amount that may be paid out as an annual incentive award or other cash award in any fiscal year to any one participant is $2,000,000, and the maximum amount that may be earned as a performance award or other cash award in respect of a performance period by any one participant is $5,000,000.

Unless earlier terminated by the board of directors, this plan will terminate at such time as no shares of common stock remain available for issuance under this plan and we have no further rights or obligations with respect to outstanding awards under this plan.

Subject to approval of this plan by the stockholders, options have been granted under this plan as follows:

Granted	2,365,496
Exercised.....	0
Cancelled/expired.....	0
Balance, March 31, 2001.....	2,365,496

SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") requires the Company to disclose pro forma information regarding option grants made to its employees. SFAS No. 123 specifies certain valuation techniques that produce estimated compensation charges that are included in the pro forma results below. These amounts have not been reflected in the Company's Statement of Operations, because "APB 25", "Accounting for Stock Issued to Employees," specifies that no compensation charge arises when the stock price of the options granted to the Company's employees is equal to or greater than the fair market value of the stock price at the date of grant.

Under SFAS No. 123, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

	Year Ended March 31,		
	2001	2000	1999
Expected divident yield	0.00%	0.00%	0.00%
Risk-free interest rate	5.74%	6.02%	4.67%
Expected volatility	168%	166%	149%
Expected life (in months)	16	32	43

NOTE M - STOCKHOLDRS' EQUITY (CONTINUED)

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options. The weighted average estimated fair value of employee stock options granted during the years ending March 31, 2001 and 2000 and March 31, 1999 were $1.07, $0.80, and $0.52 per share, respectively.

SFAS 123 pro-forma numbers are as follows:
<TABLE>
<CAPTION>

YEAR ENDED MARCH 31,		
2001	2000	1999

Net income (loss) as reported under APB 25			
<S>	<C>	<C>	<C>
Continuing operations	$ (9,060,369.00)	$ (946,202.00)	$ (226,369.00)
Discontinued operations	$ (2,663.285.00)	$ (1,641,551.00)	$ 341,610.00
	$(11,723,654.00)	$ (2,587,753.00)	$ 115,241.00
Net income (lo9ssP pro forma under SFAS 123			
Continuing operations	$(10,712,316.00)	$ (1,578,305.00)	$ (267,263.00)
Discontinued operations	$ (2,663,285.00)	$ (2,075,079.00)	$ 32,284.00
	$(13,375,601.00)	$ (3,653,384.00)	$ (234,979.00)
Basic net income (loss) per common share- as reported under APB 25			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.02)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.03
	$ (0.36)	$ (0.12)	$ (0.01)
Diluted net income (loss) per common share- as reported under APB 25			
Continuing operations	$ (0.28)	$ (0.04)	$ (0.01)
Discontinued operations	$ (0.08)	$ (0.08)	$ 0.02
	$ (0.36)	$ (0.12)	$ (0.01)
Basic net income (loss) per common share- pro forma under SFAS 123			
Continuing operations	$ (0.33)	$ (0.07)	$ (0.02)
Discontinued operations	$ (0.08)	$ (0.10)	$ 0.00
	$ (0.41)	$ (0.17)	$ (0.02)
Diluted net income (loss) per common share- pro forma under SFAS 123			
Continuing operations	$ (0.33)	$ (0.07)	$ (0.01)
Discontinued operations	$ (0.08)	$ (0.10)	$ 0.00
	$ (0.41)	$ (0.17)	$ (0.01)
Outstanding Shares			
Basic	32,777,824	21,638,671	13,726,397
fully diluted	32,777,824	21,638,671	22,826,746

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE M - STOCKHOLDRS' EQUITY (CONTINUED)

OTHER STOCK OPTIONS

The Company has also granted stock options to other third parties as part of the issuance of stock, debt and in business acquisitions. Some options vest according to various agreed upon conditions; while others vested on the date granted. Following is a table reflecting activities regarding other stock options:

<TABLE>
<CAPTION>

	Options Outstanding	Weighted Average Price per Share	Options Exercisable
<S>	<C>	<C>	<C>
Balance, March 31, 1998	850,000	$0.39	
Granted	1,589,810	1.42	
Exercised	-	-	

Cancelled/Forfeited	(350,000)	0.50	
Balance, March 31, 1999	2,089,810	1.16	2,089,180
Granted	465,000	1.30	
Exercised	-	-	
Cancelled/Forfeited	(300,000)	3.50	
Balance March 31, 2000	2,254,810	0.88	2,254,810
Granted	-	-	
Exercised	(210,000)	1.00	
Cancelled/Forfeited	(75,000)	2.56	
Balance March 31, 2001	1,969,810	$0.80	1,969,810

</TABLE>

The fair value of the options issued during the years ended March 31, 2001, 2000 and 1999 was determined using the Black-Scholes option pricing model. Options granted for services were valued at $23,083 and options granted for loan guarantees were valued at $56,355 in 1999. For the years ended March 31, 2001 and 2000 options granted for services were valued at $193,186 and $351,280, respectively. No other options were granted for the year ended March 31, 2001.

NOTE N - RELATED PARTY TRANSACTIONS

Certain of the following related party transactions refer to prior tranactions with the disposal of land-based subsidiaries and operations. Effective June 1, 1998 ANET-NM entered into a lease agreement with G & B Investments, LLC, an entity owned by two of the principals managing the Albuquerque operations. The lease terminates on May 31, 1999 but is automatically renewed unless a 30-day cancellation notice is received by either party. The lease is an operating lease whereby ANET-NM is responsible for all operating costs. The amount of the lease is $2,500 per month. Effective May 1, 2000 the amount of the lease increased to $3,600 per month.

As described in Note L, on August 20, 1998 the Company acquired Pinnacle Dealer Services ("PDS") for 300,000 restricted shares of common stock. PDS was owned by three officers of the Company. The value assigned to the transaction was $47,813.

On March 26, 1999, the Company obtained a $3,000,000 line of credit from a financial institution. The note is due March 31, 2000, and is secured by a first lien on all inventory accounts receivable, equipment, and general intangibles. Messrs. Stuart, Moldenhauer, and Butterwick personally guaranteed the note. In

NOTE N - RELATED PARTY TRANSACTIONS (CONTINUED)

consideration of the personal guarantees, the Company granted each of Messrs. Stuart, Moldenhauer, and Butterwick three-year options to purchase 250,000 restricted shares of common stock at a price of $1.00 per share.

On April 3, 2000, the Company extended its $3,000,000 line of credit from a financial institution. The note is due June 30, 2000, and is secured by a first lien on all inventory accounts receivable, equipment, and general intangibles. Messr. Butterwick personally guaranteed a portion of the note. No options were granted in consideration of his personal guarantee. The note was further extended through the first two months of 2001 when it was repaid in full.

Pursuant to a Financial Services Agreement with Cambridge Management Associates, LLP, an entity whose managing partner became an officer of the Company on April 2, 1999, 300,000 stock options vested on March 26, 1999. The options are exercisable at $0.32 per share.

The Company has entered into various lending arrangements with officers, directors and other affiliated entities owned or controlled by officers, directors and other key personnel of the Company. As more fully detailed in Note G, at March 31, 2001, March 31, 2000 and March 31,1999 the outstanding balance on these notes was $738,807, $528,807, and $528,807, respectively. The total interest paid to these entities on all financing activities for the years ended March 31, 2001, 2000, and 1999 was $106,888, $63,456, and $63,456, respectively.

The outstanding balances on related party notes respecting discontinued operations were $0, $5,166,821, and $3,342,639 at March 31, 2001, 2000, and 1999, respectively. Total interest paid to these entities on all financing activities for discontinued operations was $699,288, $704,665, and $233,368 for the years ended March 31, 2001, 2000, and 1999, respectively.

NOTE O - CONCENTRATIONS

Remarketing off-lease and program vehicles, primarily using the Internet, represents the Company's primary business segment. For the fiscal year ended March 31, 2001, 100% of its revenue was earned under a three year contract with American Honda Finance Corporation to remarket used Honda and Accura vehicles.

NOTE P - LEGAL PROCEEDINGS

The Company and certain of its subsidiaries have been named as defendants in various claims, complaints and other legal actions arising in the normal course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect upon the financial condition, results of operations or cash flows of the Company.

NOTE Q - AUTOTRADECENTER.COM INC. - CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2001

<TABLE>
<CAPTION>

	(unaudited)
<S>	<C>
Net sales	$ 246,806
Operating expenses:	
Salary	210,962
Selling	225,285
General and administrative	518,908
Loss on disposal of impaired software	-
Depreciation and amortization	1,238,626
Total operating expenses	2,193,781
(Loss) from operations	(1,946,975)
Other income (expense):	
Miscellaneous	4,999
Interest expense	(59,296)
Total other income (expense) - net	(54,297)
(Loss) from continuing operations	(2,001,272)
Discontinued operations:	
(Loss) from operations of land-based segment	-
(Loss) from disposition of land-based segment	(687,392)
	(687,392)
Net (loss) before income taxes	(2,688,664)
Income tax expense (benefit)	-

Net (loss)	$(2,688,664)
	==========
Basic earnings (loss) per share:	
Continuing operations	$ (0.06)
Discontinued operations	$ (0.02)
Diluted earnings (loss) per share:	
Continuing operations	$ (0.06)
Discontinued operations	$ (0.02)
Weighted average shares number of common shares outstanding	
Basic	34,323,871
Fully diluted	34,323,871

</TABLE>

AUTOTRADECENTER.COM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE R - SUBSEQUENT EVENTS

On May 16, 2001 a director of the Company loaned the Company $150,000. On May 31, 2001, the note was rewritten and increased to $200,000 and is due upon the Company's receipt of specific trade accounts receivable. The note bears interest at the rate of 12% per annum and is secured by these specific trade accounts. On July 16, 2001, this director loaned the Company an additional $65,000 under a new note with the same terms and conditions as the original note. Subsequent principal payments have reduced the balances due at July 26, 2001 on both notes to approximately $115,000. As part of the financing arrangement with Eagle Capital Group, LLC as described below, the due dates on the notes have been extended until after August 31, 2001.

On July 26, 2001, the Company entered into a financing arrangement with Eagle Capital Group, LLC ("Eagle"), a private company, which provides for a line of credit up to $1,300,000. The loan provides for an initial advance of $250,000, followed by a thirty-day review period during which Eagle will complete its legal due diligence with respect to, among other items, the Company's intellectual property. The review period grants Eagle the right to discontinue funding of the line of credit if the Company's intellectual property is deficient in certain material respects. The loan is due June 30, 2002 bearing interest at the rate of 12% per annum that is payable monthly. The Company paid a commitment fee of $13,000 and is obligated to pay a one percent (1%) facility fee of up to $13,000 each quarter. The Company is also required to pay monthly principal payments of not less than 5% of the outstanding loan balance once the Company achieves positive cash flow. The loan is secured by all assets including but not limited to furniture, fixtures, leasehold, personal property, and intellectual property.

The loan is convertible into common stock of the Company at any time before the due date thereof, including any extensions, at the lesser of the average bid price following the date of the first advance and the earlier of the conversion date or the termination date or $0.10 per share. The Company also issued Eagle a warrant which allows Eagle, for a period of 90 days from the termination date of the loan, to purchase common shares at $0.10 per share in an amount equal to the difference between (a) 13,000,000 and (b) the number of shares of common stock issued upon prior conversion of any amounts under the loan.

In addition, the Company issued a warrant to Eagle that allows Eagle to purchase, for a period of up to five years, up to 6,500,000 shares of common stock at an exercise price of $0.125 per share. If the Company prepays the loan in full at any time prior to December 31, 2001, the Company will issue to Eagle 1,500,000 shares of Common Stock as consideration.

In addition, the Company issued to Eagle 1,300 shares Series E Preferred Stock, at a par value of $0.10 per share. The Series E Preferred Stock grants Eagle the right to vote an equivalent of 13,000,000 common shares. Eagle will have two representatives on the Company's board of directors.

The Company also entered into a Facilities Use and Administrative Services Agreement with an affiliate of Eagle for the use of office facilities,

software development, marketing, accounting, and other management services that may vary from time to time. The fee for these services will be negotiated between the parties in good faith as business practices and circumstances change.

On July 26, 2001, as part of the agreement with Eagle, the Company consolidated the notes payable to Pinnacle Financial and Mark Moldenhauer in the amounts of $336,807 and $402,000, respectively. The consolidated note bears interest at 12% payable monthly. In addition, the Company is obligated to make principal payments of $25,000 per month in November and December 2001, and $50,000 per month principal payments from January 2002 through May 2002. The balance of the note is due June 30, 2002. Any principal payment may be converted into Common Stock at the sole discretion of the lender at the rate of $0.10 per share, upon three days written notice. The Company also issued a warrant to purchase one share of Common Stock for every two shares of Common Stock received upon conversion. The warrant exercise price is $0.125 per share and expires five years from issuance. The note is subordinated to the first lien of Eagle.

As a result of this transaction, the Company is required to reset the pricing of the units sold in March through April, 2001 pursuant to a private placement. The anti-dilution clause contained in the private placement requires the Company to issue 9,948,027 shares of its common stock and 4,959,013 additional stock purchase warrants exercisable at $0.125 per share.

NOTE S - LIQUIDITY ISSUES

The Company has sustained operating losses and negative cash flow since its inception, resulting in little tangible net worth at March 31, 2001. Without the new financing, as discussed in Note R, the Company could not have funded its day-to-day operations or service its long term debt. The Company and its management have addressed these concerns by: (1) Obtaining a new line of credit, effective July 26, 2001, for up to $1,300,000 (see Note R) to fund the Company's operating needs until the projected future revenue sources are fully developed; (2) Continuing our efforts to raise up to an additional $500,000 under terms similar to those of the private placement of equity securities in March and April of 2001; (3) Implementing plans to generate positive cash flow and operating profits by increasing revenues through the expansion of its Internet remarketing of off-lease and program vehicles with its current customers and others and develop new products and services for its current customer base and others and; (4) the Company intends to further reduce its cash requirements for software and website development and continue to reduce its costs of operations. There is no assurance, however, that the Company will be able to implement its business plan as outlined above. In the event that the Company is unable to obtain positive cash flow prior to exhausting its new line of credit, it must obtain additional financing in the form of equity or debt to continue operations.

EXHIBIT 4.6

STATEMENT PURSUANT TO SECTION 10-602 OF THE ARIZONA BUSINESS CORPORATION ACT OF AUTOTRADECENTER.COM INC. REGARDING SERIES E PREFERRED STOCK

STATEMENT
OF
AUTOTRADECENTER.COM INC.
PURSUANT TO ARIZONA REVISED STATUTES SECTION 10-602

AutoTradeCenter.com Inc., an Arizona corporation (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is AutoTradeCenter.com Inc.

2. Attached hereto as EXHIBIT A is a true and correct copy of the resolutions establishing and designating the series, and fixing and determining the privileges and voting powers of the shares of Series E Redeemable Preferred Stock, and the restrictions and qualifications therefor.

3. The resolutions were adopted as of the 13th day of July, 2001.

4. The resolutions have been duly adopted by the Corporation's board of directors and have not been amended, modified, rescinded, or superseded and remain in full force and effect.

IN WITNESS WHEREOF, the Corporation has caused this Statement to be executed, delivered, and filed this 13th day of July, 2001.

AUTOTRADECENTER.COM INC.

/s/ ROGER BUTTERWICK

Roger Butterwick, President

/s/ JOHN E. ROWLETT

John E. Rowlett, Secretary

EXHIBIT A

WHEREAS, the AutoTradeCenter.com Inc. (the "Corporation") has entered into that certain Loan and Stock Purchase Agreement dated July 13, 2001 (the "Loan Agreement") pursuant to which the Corporation shall receive a multiple advance line of credit (the "Loan") and issue shares of the Corporation's preferred stock; and

WHEREAS, Article 2 of the Articles of Incorporation of the Corporation authorizes the issuance of One Million (1,000,000) shares of preferred stock, $0.10 par value per share, issuable from time to time in one or more series; and

WHEREAS, the Board of Directors is authorized by Article 2 to divide the preferred stock into series and to fix and determine the designations, preferences, privileges, and voting powers of the shares of each series of preferred stock so established, and the restrictions and qualifications thereof; and

WHEREAS, it is the desire of the Board of Directors, pursuant to the authority granted to it, to provide for the issuance of a series of preferred stock and to fix the rights, preferences, privileges, restrictions, and other matters relating to such series.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize and provide for the issuance of a series of preferred stock of the Corporation as herein described and does hereby fix and determine the rights, preferences, privileges, restrictions, and other matters relating to such series of preferred stock as follows:

1. DESIGNATION OF SERIES. This Series shall have $0.10 par value per share and shall be designated as Series E Redeemable Preferred Stock (the "Series E Preferred").

2. NUMBER OF SHARES. The number of authorized shares of Series E Preferred shall be 1,300, which number from time to time may be increased or decreased (but not below the number of shares of the series then outstanding) by resolution of the Board of Directors of the Corporation.

3. DIVIDENDS, LIQUIDATION, AND DISSOLUTION. Holders of Series E Preferred shall not be entitled to dividends, liquidation, or dissolution preferences.

4. AUTOMATIC REDEMPTION.

(a) Upon the earlier of (i) the date the Loan is converted in full pursuant to Section 3 of the Loan Agreement; (ii) June 30, 2002, unless such date is extended to June 30, 2003, by Lender pursuant to the Loan Agreement; or (iii) the date the Loan is repaid by the Corporation in full and the Loan is terminated (the "Redemption Date"), the Corporation shall redeem, from any source of funds legally available therefor, the Series E Preferred. The

redemption price for the Series E Preferred shall be an amount equal to the original purchase price per share (the "Series E Redemption Price").

(b) At least 3 days prior to the Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next

preceding the day on which notice is given) of the Series E Preferred to be redeemed, at the address last shown on the records of the Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the Series E Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, its certificate or certificates representing the shares to be redeemed (the "Redemption Notice"). On or after the Redemption Date, each holder of Series E Preferred to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In no event shall less than all the shares represented by any such certificate be redeemed.

(c) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series E Preferred designated for redemption in the Redemption Notice as holders of Series E Preferred (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

(d) Any shares of Series E Preferred redeemed pursuant to this SECTION 4 or otherwise acquired by the Corporation in any manner whatsoever shall be cancelled and shall not under any circumstances re reissued; and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of Series E Preferred.

5. VOTING RIGHTS.

(a) Each holder of Series E Preferred shall vote with holders of Common Stock of the Corporation upon all matters submitted to a vote of shareholders, including, but not limited to actions amending the Articles of Incorporation to increase the number of authorized shares of Common Stock. The holder of each share of Series E Preferred shall be entitled to the number of votes equal to the number of shares of Common Stock into which the outstanding amount under the Loan Agreement could be converted (assuming the Loan could be converted for less than the maximum available capacity under the Loan) on the record date for the

vote or consent of shareholders. Fractional votes by the holders of Series E Preferred shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which the Loan could be converted) shall be rounded to the nearest whole share.

(b) The holders of Series E Preferred, voting as a separate class, shall be entitled to elect two (2) directors (the "Series E Preferred Directors"). The Series E Preferred Directors shall be elected at the annual meeting of shareholders or at any special meeting of holders of preferred stock called for the purpose thereof or by the written consent of such holders. If any Series E Preferred Director should cease to be a director for any reason, the vacancy shall only be filled by the vote (or written consent) of a majority of the outstanding shares of Series E

Preferred Stock, voting as a separate class.

(c) So long as any shares of Series E Preferred are outstanding, the Corporation shall not change the size of the Board of Directors to other than seven (7) members without first obtaining the approval by vote or written consent, in the manner provided by law, of the holders of all outstanding shares of Series E Preferred, voting as a separate class.

EXHIBIT 10.24

SECURED PROMISSORY NOTE TO MARK MOLDENHAUER DATED MARCH 31, 2001

AMENDED AND RESTATED SECURED PROMISSORY NOTE

$402,000.00 Scottsdale, Arizona
March 31, 2001

FOR VALUE RECEIVED, AUTOTRADECENTER.COM INC., an Arizona corporation formerly known as Auto Network USA, Inc. or Auto Network Group, Inc. (the "Maker"), promises to pay to Mark Moldenhauer ("Holder"), an individual, the sum of FOUR HUNDRED TWO THOUSAND and no/hundreds DOLLARS ($402,000.00) and to pay interest on the first day of each month (unless otherwise requested by Holder) beginning May 1, 2001 on principal accruing from April 1, 2001; and from the date hereof on the full principal balance, all at the rate of twelve percent (12%) per annum. All principal and accrued but unpaid interest hereunder shall be due on April 1, 2002. Payments shall be made to c/o Mark Moldenhauer, 14500 N. Northsight Blvd., Suite 213, Scottsdale, AZ 85260.

Time is of the essence hereof. In the event of any default in the payment of any amount due hereunder, the unpaid principal sum of this Promissory Note and accrued interest remaining unpaid may at any time thereafter, at the holder's option and without further notice or demand, be declared and become due and payable forthwith, and Maker shall pay any and all costs, expenses, and fees, including reasonable attorneys' fees, incurred in collecting or enforcing payment hereunder. Default interest on the sums due hereunder, including such attorneys' fees, shall accrue at the rate of eighteen percent (18%) per annum.

Holder shall have the right, at any time prior to payment of any and all sums due pursuant to this Note, to convert said amount into shares of Maker's Common Stock at the lesser of $0.375 per share or the average closing bid price of Maker's Common Stock for the 30 previous trading days prior to conversion. Holder shall also have the right to accelerate the outstanding balance hereof without notice or demand and in the event that either Roger L. Butterwick or John E. Rowlett ceases to be officers and directors of Maker.

At no time shall Maker be obligated or required to pay interest on the principal balance of this Note at a rate which would subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the principal balance of this Note at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be reduced immediately to such maximum rate for so long as (and only for so long as) the rate hereunder is in excess of such maximum rate, and interest paid hereunder in excess of such maximum rate shall be applied to and shall be deemed to have been payment in reduction of the principal balance of this Note or, if the principal

balance shall have been paid, shall be refunded to Maker.

Maker hereby acknowledges that the loan for which payment is promised hereby has been made and will be used only for business or commercial purposes other than agricultural purposes and hereby covenants that the proceeds hereof will be used only for such

purposes. Maker hereby also acknowledges that the loan for which payment is promised hereby has been made, is issued pursuant, and is subject, to the Arizona Uniform Commercial Code Financing Statement - UCC-1 filed May 26, 2000 with the Secretary of State, State of Arizona, a copy of which is attached to this Note and incorporated by reference herein.

This Note may be modified or amended only by an agreement in writing signed by the party against whom enforcement of such modification or amendment is sought. Maker (and the undersigned representative of Maker, if this Note is executed by a representative) represents that Maker has full power, authority, and legal right to execute and deliver this Note and the debt hereunder constitutes a valid and binding obligation of Maker. The laws of the State of Arizona govern the interpretation and enforcement of this Note. This Note amends and restates in full the Amended and Restated Promissory Note dated March 31, 2000 for $852,000.00 and the Secured Promissory Note dated December 29, 2000 for $300,000.00 from AutoTradeCenter.com Inc. to Mark Moldenhauer, an individual.

IN WITNESS WHEREOF, Maker has executed the foregoing Promissory Note as of the date and year first written above.

AUTOTRADECENTER.COM INC.,
an Arizona corporation

By /S/ ROGER L. BUTTERWICK

Roger L. Butterwick, its President

ACCEPTED BY

By /S/ MARK MOLDENHAUER

Mark Moldenhauer

INDIVIDUAL GUARANTORS

We, the undersigned, personally guaranty the payment of the aforesaid note:

Signed in the presence of:	Individual Guarantors:
/s/ M. H. Feinstein	/s/ Roger L. Butterwick
Witness	Roger L. Butterwick
/s/ M. H. Feinstein	/s/ John E. Rowlett
Witness	John E. Rowlett

EXHIBIT 10.25

SECURED PROMISSORY NOTE TO PINNACLE FINANCIAL CORPORATION
DATED MARCH 31, 2001

AMENDED AND RESTATED SECURED PROMISSORY NOTE

$336,200.66 Scottsdale, Arizona
March 31, 2001

FOR VALUE RECEIVED, AUTOTRADECENTER.COM INC., an Arizona corporation formerly known as Auto Network Group, Inc. and/or Auto Network USA, Inc. (the "Maker"), promises to pay to Pinnacle Financial Corporation ("Holder"), an Arizona corporation, the sum of THREE HUNDRED THIRTY SIX THOUSAND TWO HUNDRED DOLLARS AND SIXTY SIX CENTS ($336,200.66) and to pay interest on the first day of each month (unless otherwise requested by Holder) beginning May 1, 2001 on principal accruing from April 1, 2001; and from the date hereof on the full principal balance, all at the rate of twelve percent (12%) per annum. All principal and accrued but unpaid interest hereunder shall be due April 1, 2002. Payments shall be made to c/o Mark Moldenhauer, Pinnacle Financial Corporation, 14500 N. Northsight Blvd., Suite 213, Scottsdale, AZ 85260.

Time is of the essence hereof. In the event of any default in the payment of any amount due hereunder, the unpaid principal sum of this Promissory Note and accrued interest remaining unpaid may at any time thereafter, at the holder's option and without further notice or demand, be declared and become due and payable forthwith, and Maker shall pay any and all costs, expenses, and fees, including reasonable attorneys' fees, incurred in collecting or enforcing payment hereunder. Default interest on the sums due hereunder, including such attorneys' fees, shall accrue at the rate of eighteen percent (18%) per annum.

Holder shall have the right, at any time prior to payment of any and all sums due pursuant to this Note, to convert said amount into shares of Maker's Common Stock at the lesser of $0.375 per share or the average closing bid price of Maker's Common Stock for the 30 previous trading days prior to conversion. Holder shall also have the right to accelerate the outstanding balance hereof without notice or demand and in the event that either Roger L. Butterwick or John E. Rowlett ceases to be officers and directors of Maker.

At no time shall Maker be obligated or required to pay interest on the principal balance of this Note at a rate which would subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the principal balance of this Note at a rate in excess of such

maximum rate, the rate of interest under this Note shall be deemed to be reduced immediately to such maximum rate for so long as (and only for so long as) the rate hereunder is in excess of such maximum rate, and interest paid hereunder in excess of such maximum rate shall be applied to and shall be deemed to have been payment in reduction of the principal balance of this Note or, if the principal balance shall have been paid, shall be refunded to Maker.

Maker hereby acknowledges that the loan for which payment is promised hereby has been made and will be used only for business or commercial purposes other than agricultural purposes and hereby covenants that the proceeds hereof will be used only for such purposes. Maker hereby also acknowledges that the loan for which payment is promised hereby has been made, is issued pursuant, and is subject, to the Arizona Uniform Commercial Code Financing Statement - UCC-1 filed May 26, 2000 with the Secretary of State, State of Arizona, a copy of which is attached to this Note and incorporated by reference herein.

This Note may be modified or amended only by an agreement in writing signed by the party against whom enforcement of such modification or amendment is sought. Maker (and the undersigned representative of Maker, if this Note is executed by a representative) represents that Maker has full power, authority, and legal right to execute and deliver this Note and the debt hereunder constitutes a valid and binding obligation of Maker. The laws of the State of Arizona govern the interpretation and enforcement of this Note. This Note amends and restates in full the Amended and Restated Promissory Note dated March 31, 2000 for $2,675,420.00 from AutoTradeCenter.com Inc. to Pinnacle Financial Corporation, an Arizona corporation.

IN WITNESS WHEREOF, Maker has executed the foregoing Amended and Restated Promissory Note as of the date and year first written above.

AUTOTRADECENTER.COM INC.,
an Arizona corporation

By /S/ ROGER L. BUTTERWICK

Roger L. Butterwick, its President

ACCEPTED BY

PINNACLE FINANCIAL CORPORATION,
an Arizona corporation

By /S/ PINNACLE FINANCIAL CORPORATION

Mark Moldenhauer, its President

INDIVIDUAL GUARANTORS

We, the undersigned, personally guaranty the payment of the aforesaid note:

Signed in the presence of:	Individual Guarantors:
/s/ M. H. Feinstein	/s/ Roger L. Butterwick
Witness	Roger L. Butterwick
/s/ M. H. Feinstein	/s/ John E. Rowlett
Witness	John E. Rowlett

EXHIBIT 10.26

PROMISSORY NOTE TO R. GARY MCCAULEY
DATED MAY 31, 2001

PROMISSORY NOTE

$200,000.00 Scottsdale, Arizona
May 31, 2001

FOR VALUE RECEIVED, AUTOTRADECENTER.COM INC., an Arizona corporation ("Maker"), promises to pay to R. Gary McCauley ("Holder"), an individual, the sum of TWO HUNDRED THOUSAND and no/hundreds DOLLARS ($200,000.00) plus interest on the principal accruing from May 31, 2001 at the rate of twelve percent (12%) per annum. All principal and accrued but unpaid interest hereunder shall be due on the receipt of payment for the May 31, 2001 invoice due from American Honda Finance Corporation. Payments shall be made to c/o R. Gary McCauley, 15 Elm Avenue, Colorado Springs, Colorado 80906.

Time is of the essence hereof. In the event of any default in the payment of any amount due hereunder, the unpaid principal sum of this Promissory Note and accrued interest remaining unpaid may at any time thereafter, at the holder's option and without further notice or demand, be declared and become due and payable forthwith, and Maker shall pay any and all costs, expenses, and fees, including reasonable attorneys' fees, incurred in collecting or enforcing payment hereunder. Default interest on the sums due hereunder, including such attorneys' fees, shall accrue at the rate of eighteen percent (18%) per annum.

At no time shall Maker be obligated or required to pay interest on the principal balance of this Promissory Note at a rate which would subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Promissory Note Maker is at any time required or obligated to pay interest on the principal balance of this Promissory Note at a rate in excess of such maximum rate, the rate of interest under this Promissory Note shall be deemed to be reduced immediately to such maximum rate for so long as (and only for so long as) the rate hereunder is in excess of such maximum rate, and interest paid hereunder in excess of such maximum rate shall be applied to and shall be deemed to have been payment in reduction of the principal balance of this Promissory Note or, if the principal balance shall have been paid, shall be refunded to Maker.

Maker hereby acknowledges that the loan for which payment is promised hereby has been made and will be used only for business or commercial purposes other than agricultural purposes and hereby covenants that the proceeds hereof will be used only for such purposes.

This Promissory Note is subject to the Subordination Agreement dated May 31, 2001 by and between Maker, Holder and Mark Moldenhauer.

This Promissory Note may be modified or amended only by an agreement in writing signed by the party against whom enforcement of such modification or amendment is sought. Maker (and the undersigned representative of Maker, if this Promissory Note is executed by a representative) represents that Maker has full power, authority, and legal right to execute and deliver this Promissory Note and the debt hereunder constitutes a valid and binding obligation of Maker. The laws of the State of Arizona govern the interpretation and enforcement of this Promissory Note.

IN WITNESS WHEREOF, Maker has executed the foregoing Promissory Note as of the date and year first written above.

AUTOTRADECENTER.COM INC.,
an Arizona corporation

By: /s/ Roger L. Butterwick

Roger L. Butterwick, its President

EXHIBIT 10.27

PROMISSORY NOTE TO R. GARY MCCAULEY
DATED JULY 16, 2001

PROMISSORY NOTE

$65,000.00 Scottsdale, Arizona
July 16, 2001

FOR VALUE RECEIVED, AUTOTRADECENTER.COM INC., an Arizona corporation ("Maker"), promises to pay to R. Gary McCauley ("Holder"), an individual, the sum of SIXTY FIVE THOUSAND and no/hundreds DOLLARS ($65,000.00) plus interest on the principal accruing from July 16, 2001 at the rate of twelve percent (12%) per annum. All principal and accrued but unpaid interest hereunder shall be due on the receipt of payment for the June 30, 2001 invoice due from American Honda Finance Corporation. Payments shall be made to c/o R. Gary McCauley, 15 Elm Avenue, Colorado Springs, Colorado 80906.

Time is of the essence hereof. In the event of any default in the payment of any amount due hereunder, the unpaid principal sum of this Promissory Note and accrued interest remaining unpaid may at any time thereafter, at the holder's option and without further notice or demand, be declared and become due and payable forthwith, and Maker shall pay any and all costs, expenses, and fees, including reasonable attorneys' fees, incurred in collecting or enforcing payment hereunder. Default interest on the sums due hereunder, including such attorneys' fees, shall accrue at the rate of eighteen percent (18%) per annum.

At no time shall Maker be obligated or required to pay interest on the principal balance of this Promissory Note at a rate which would subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Promissory Note Maker is at any time required or obligated to pay interest on the principal balance of this Promissory Note at a rate in excess of such maximum rate, the rate of interest under this Promissory Note shall be deemed to be reduced immediately to such maximum rate for so long as (and only for so long as) the rate hereunder is in excess of such maximum rate, and interest paid hereunder in excess of such maximum rate shall be applied to and shall be deemed to have been payment in reduction of the principal balance of this Promissory Note or, if the principal balance shall have been paid, shall be refunded to Maker.

Maker hereby acknowledges that the loan for which payment is promised hereby has been made and will be used only for business or commercial purposes other than agricultural purposes and hereby covenants that the proceeds hereof will be used only for such purposes.

This Promissory Note is subject to the Subordination Agreement dated July 16, 2001 by and between Maker, Holder and Mark Moldenhauer and Pinnacle Financial Corporation.

This Promissory Note may be modified or amended only by an agreement in writing signed by the party against whom enforcement of such modification or amendment is sought. Maker (and the undersigned representative of Maker, if this Promissory Note is executed by a representative) represents that Maker has full power, authority, and legal right to execute and deliver this Promissory Note and the debt hereunder constitutes a valid and binding obligation of Maker. The laws of the State of Arizona govern the interpretation and enforcement of this Promissory Note.

IN WITNESS WHEREOF, Maker has executed the foregoing Promissory Note as of the date and year first written above.

AUTOTRADECENTER.COM INC.,
an Arizona corporation

By: /s/ Roger L. Butterwick

Roger L. Butterwick, its President

EXHIBIT 10.28

AMENDED AND RESTATED SECURED PROMISSORY NOTE TO
MARK MOLDENHAUER DATED JULY 26, 2001

AMENDED AND RESTATED SECURED PROMISSORY NOTE

$738,200.66 Phoenix, Arizona
July 26, 2001

FOR VALUE RECEIVED, AUTOTRADECENTER.COM INC., an Arizona corporation (the "Maker"), promises to pay to Mark Moldenhauer ("Holder"), the sum of SEVEN HUNDRED THIRTY EIGHT THOUSAND TWO HUNDRED DOLLARS AND SIXTY SIX CENTS ($738,200.66) and to pay interest on the first day of each month (unless otherwise requested by Holder) beginning August 1, 2001 on principal accruing from the date hereof on the full principal balance, all at the rate of twelve percent (12%) per annum. The principal balance outstanding, hereunder, if not sooner paid as provided herein, shall be due and payable as follows: (i) $25,000 on the first of November and December 2001; (ii) $50,000 on the first of January, February, March, April, and May 2002; and (iii) $438,200.66 on June 30, 2002. Payments shall be made to Mark Moldenhauer, 14500 N. Northsight Blvd., Suite 213, Scottsdale, Arizona 85260.

Time is of the essence hereof. In the event of any default in the payment of any amount due hereunder, the unpaid principal sum of this Promissory Note and accrued interest remaining unpaid may at any time thereafter, at the holder's option and without further notice or demand, be declared and become due and payable forthwith, and Maker shall pay any and all costs, expenses, and fees, including reasonable attorneys' fees, incurred in collecting or enforcing payment hereunder. Default interest on the sums due hereunder, including such attorneys' fees, shall accrue at the rate of eighteen percent (18%) per annum.

Holder shall have the right, at any time prior to payment of any and all sums due pursuant to this Note, to convert said amount into shares of Maker's Common Stock at the lesser of (a) $0.10 per share, or (b) the Average Closing Bid Price of Maker's Common Stock for the 30 previous trading days prior to conversion. As used herein, "Average Closing Bid Price" shall mean (x) if the Common Stock of Maker is traded on the over-the-counter market and not on the Nasdaq National Market System nor on any national securities exchange, the average of the per share closing bid prices of the Common Stock for the 30 consecutive trading days prior to conversion, as reported by Nasdaq or an equivalent generally accepted reporting service, or (y) if the Common Stock is traded on the Nasdaq National Market System or on a national securities exchange, the average of the per share closing bid prices of the Common Stock

for the 30 consecutive trading days prior to conversion on the Nasdaq National Market System or on the principal stock exchange on which it is listed, as the case may be. For purposes of clause (x) above, if trading in the Common Stock is not reported by Nasdaq, the bid price referred to in said clause shall be the lowest bid price as reported on the OTC Bulletin Board, or if not available, in the "pink sheets" published by National Quotation Bureau, Incorporated. The closing price referred to in clause (y) above shall be the last reported sale price or, in the case where no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case in the Nasdaq National Market System or on the national securities exchange on which the Common Stock is then listed. If the Common Stock is not traded

on any market, the Average Closing Bid Price shall be the fair market value as determined by the Maker's Board of Directors in its sole discretion, which determination shall be final.

At no time shall Maker be obligated or required to pay interest on the principal balance of this Note at a rate which would subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the principal balance of this Note at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be reduced immediately to such maximum rate for so long as (and only for so long as) the rate hereunder is in excess of such maximum rate, and interest paid hereunder in excess of such maximum rate shall be applied to and shall be deemed to have been payment in reduction of the principal balance of this Note or, if the principal balance shall have been paid, shall be refunded to Maker.

Maker hereby acknowledges that the loan for which payment is promised hereby has been made and will be used only for business or commercial purposes other than agricultural purposes and hereby covenants that the proceeds hereof will be used only for such purposes. Maker hereby also acknowledges that the loan for which payment is promised hereby has been made, is issued pursuant, and is subject, to the Arizona Uniform Commercial Code Financing Statement - UCC-1 filed July __, 2001 with the Secretary of State, State of Arizona, a copy of which is attached to this Note and incorporated by reference herein.

This Note may be modified or amended only by an agreement in writing signed by the party against whom enforcement of such modification or amendment is sought. Maker (and the undersigned representative of Maker, if this Note is executed by a representative) represents that Maker has full power, authority, and legal right to execute and deliver this Note and the debt hereunder constitutes a valid and binding obligation of Maker. The laws of the State of Arizona govern the interpretation and enforcement of this Note. This Note amends and restates in full the following Amended and Restated Secured Promissory Notes

(1) payable in the amount of $402,000.00 from AutoTradeCenter.com Inc. to Mark Moldenhauer, and (2) payable in the amount of $336,200.66 from AutoTradeCenter.com Inc. to Pinnacle Financial Corporation, an Arizona corporation. This Note shall be subordinate to the rights and preferences created by that certain Loan and Stock Purchase Agreement, dated July 24, 2001, by and between AutoTradeCenter.com Inc., an Arizona corporation, and Eagle Capital Group, LLC, an Arizona limited liability company.

IN WITNESS WHEREOF, Maker has executed the foregoing Amended and Restated Promissory Note as of the date and year first written above.

AUTOTRADECENTER.COM INC., an
Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: PRESIDENT

ACCEPTED BY

/s/ MARK MOLDENHAUER

Mark Moldenhauer

INDIVIDUAL GUARANTORS

We, the undersigned, personally guaranty the payment of the aforesaid Note.

Signed in the presence of:	Individual Guarantors:
/s/ TODD KIRKENDOLL	/s/ ROGER L. BUTTERWICK
Witness	Roger L. Butterwick
/s/ TODD KIRKENDOLL	/s/ JOHN E. ROWLETT
Witness	John E. Rowlett

EXHIBIT 10.29

EAGLE CAPITAL GROUP, LLC LOAN DOCUMENTS

LOAN AND STOCK PURCHASE AGREEMENT

Dated effective as of July 26, 2001

by and between

AutoTradeCenter.com Inc.
an Arizona Corporation,

and

Eagle Capital Group, LLC
an Arizona limited liability company

Phoenix, Arizona

LOAN AND STOCK PURCHASE AGREEMENT

THIS LOAN AND STOCK PURCHASE AGREEMENT ("Agreement") is made and entered into as of July 26, 2001, by and between AutoTradeCenter.com Inc., an Arizona corporation ("Borrower") and Eagle Capital Group, LLC, an Arizona limited liability company ("Lender").

W I T N E S S E T H:

WHEREAS, Borrower has requested Lender to make available to Borrower a loan and Lender has agreed to do so upon the terms herein set forth; and

WHEREAS, in furtherance of accomplishing the transactions pursuant to the loan, Borrower shall issue to Lender shares of Series E Redeemable Preferred Stock having the rights and designations as stated on EXHIBIT A attached to this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, Borrower and Lender agree as follows:

SECTION 1 DEFINITIONS.

As used in this Agreement, the following terms have the following meanings:

1.1 "ADVANCE" shall mean a disbursement of funds under the Loan pursuant to this Agreement.

1.2 "AGREEMENT" shall mean this Loan and Stock Purchase Agreement, as the same may be amended, supplemented, or modified from time to time, together with all Exhibits and schedules attached to this Agreement from time to time.

1.3 "AFFILIATE" shall mean any person, firm, corporation, or entity (herein collectively called a "Person", but only for the purposes of this Section) directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

1.4 "APPROVED LIENS" shall mean: (a) any liens or security interests in favor of Lender; and (b) any Liens for which Lender has given prior written approval.

1.5 "BUSINESS DAY" shall mean a day other than a Saturday, Sunday, or other day on which state banking corporations in Phoenix, Arizona are authorized or required by law to close.

1.6 "BUSINESS PLAN BUDGET" shall mean a detailed business plan budget and cash flow agreed to in writing by the parties indicating the proposed uses of funds available to Borrower, including those funds advanced pursuant to this Agreement, over a time horizon to be specified by Lender.

1.7 "COLLATERAL DOCUMENTS" shall mean collectively the Security and Stock Pledge Agreement, and all other security agreements, assignments, financing statements, and other documents, whether now or hereafter existing, as shall from time to time secure the Loan and any other obligations of Borrower to Lender.

1.8 "COMMITMENT FEE" shall mean an amount equal to $13,000.

1.9 "COMMITMENT PERIOD" shall mean the period from and including the date hereof to and including the Maturity Date.

1.10 "COMMON STOCK" shall mean the common stock of the Borrower, no par value.

1.11 "CONVERSION PRICE" shall mean the lesser of (a) $0.10; or (b) the Average Bid Price of the Common Stock.

For purposes of this Agreement, the "Average Bid Price" shall mean, (i) if the Common Stock is traded in the over-the-counter market and not in the Nasdaq National Market System or on any other national securities exchange, the average of the per share closing bid prices of the Common Stock as reported by Nasdaq or an equivalent generally accepted reporting service

following the date of the Initial Advance through the earlier of the date of conversion of the Note or the Termination Date, or (ii) if the Common Stock is traded in the Nasdaq National Market System or on a national securities exchange, the average of the daily per share closing prices of the Common Stock in the Nasdaq National Market System or on the principal stock exchange on which it is listed, as the case may be following the date of the Initial Advance through the earlier of the date of conversion of the Note or the Termination Date. For purposes of clause (i) above, if trading in the Common Stock is not reported by Nasdaq, the bid price referred to in said clause shall be the lowest bid price as reported on the OTC Bulletin Board, or if not available, in the "pink sheets" published by National Quotation Bureau, Incorporated. The closing price referred to in clause (ii) above shall be the last reported sale price or, in the case where no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case in the Nasdaq National Market System or on the national securities exchange on which the Common Stock is then listed. If the Common Stock is not traded on any market, the Average Bid Price shall be the fair market value as determined by the Borrower's Board of Directors in its sole discretion, which determination shall be final.

Notwithstanding anything to the contrary in this SECTION 1.11, in case Borrower shall hereafter issue shares of its Common Stock or debt or equity securities convertible or exchangeable into Common Stock (excluding shares issued (i) upon the declaration of a dividend on or a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) upon a subdivision or reclassification of its outstanding shares of Common Stock into a greater number of shares, (iii) upon a combination or reclassification of its outstanding shares of Common Stock into a

smaller number of shares, (iv) upon exercise of options granted to Borrower's officers, directors, employees, and consultants under a plan or plans adopted by Borrower's Board of Directors (the "Excluded Options"), PROVIDED HOWEVER, that in no event shall the Excluded Options exceed 10% of the issued and outstanding shares of Common Stock; (v) upon exercise or conversion of options, warrants, convertible securities, and convertible debentures outstanding as of the date of the Initial Advance, (vi) to shareholders of any corporation which merges into Borrower in proportion to their stock holdings of such corporation immediately prior to such merger, upon such merger, (vii) upon exercise or conversion of any securities issued to Lender pursuant to this Agreement or the Related Documents, or (viii) issued in a bona fide public offering pursuant to a firm commitment underwriting), for a consideration per share (the "Offering Price") less than the Conversion Price, the Conversion Price shall be adjusted immediately thereafter so that it shall equal the Offering Price.

1.12 "DEFAULT" shall mean an event which with the giving of notice or the passage of time or both would constitute an Event of Default.

1.13 "DEFAULT INTEREST RATE" shall mean 18% per annum.

1.14 "EVENT OF DEFAULT" shall have the meaning assigned thereto in SECTION 11.1 hereof.

1.15 "GAAP" shall mean those generally accepted accounting principles and practices which are recognized as such by the American Institute of Certified Public Accountants acting through its Accounting Principles Board or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof and which are consistently applied for all periods so as to properly reflect the financial condition, and the results of operations and changes in financial position, of Borrower.

1.16 "GOVERNMENT AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, or administration functions of or pertaining to government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise, by any of the foregoing).

1.17 "INDEBTEDNESS" shall mean at a particular time: (a) indebtedness for borrowed money of which Borrower is liable, contingently or otherwise, as obligor or otherwise or any commitment by which Borrower assures a creditor against loss, including contingent reimbursement obligations with respect to letters of credit; (b) indebtedness guaranteed in any manner by Borrower, including guaranties in the form of an agreement to repurchase or reimburse; (c) obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases in respect of which obligations Borrower is liable, contingently or otherwise, as obligor or otherwise, or in respect of which obligations Borrower assures a creditor against loss; (d) all liabilities secured by any Lien on any Property owned by Borrower even though it has not assumed or otherwise become liable for the payment thereto; and (e) any other liability or obligation of Borrower payable more than one year from the date of the creation thereof, and which, in accordance with GAAP, is properly shown as a liability of Borrower on its balance sheet.

1.18 "INTELLECTUAL PROPERTY" shall mean any intellectual property, including foreign and domestic copyrights, copyright applications, copyrightable material, of any kind or nature, registered

trademarks, trademark applications, non-registered trademarks, trade names, trade dress, patent, patent applications, or any other item of like or similar nature, now owned or hereafter acquired by Borrower, whether or not formally perfected, registered, filed or otherwise or otherwise with any state, federal, or foreign agency or department, including all common-law rights related to any of the foregoing.

1.19 "INTEREST RATE" shall mean 12% per annum.

1.20 "LIEN" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction.

1.21 "LOAN" shall mean the multiple-advance non-revolving loan made by Lender to Borrower pursuant to this Agreement and includes all amounts of Borrower's obligation guaranteed by Lender pursuant to the NetChemistry Guaranty.

1.22 "MATERIAL ADVERSE CHANGE" shall mean (a) a material adverse change in the business, prospects, operations, results of operations, assets, liabilities, or condition (financial or otherwise) of Borrower, taken as a whole, (b) a material impairment of Borrower's ability to perform its obligations under this Agreement or any of the Related Documents to which it is a party or of Lender's ability to enforce the obligations or realize upon the Collateral (as defined in the Security Agreement), or (c) a material impairment of the enforceability or priority of the Lender's liens with respect to the Collateral (as defined in the Security Agreement) as a result of an action or

failure to act on the part of Borrower.

1.23 "MATURITY DATE" shall mean June 30, 2002, unless such date is extended to June 30, 2003, by Lender by 30 days prior written notice to Borrower.

1.24 "MAXIMUM AVAILABLE CREDIT COMMITMENT" shall mean $1,300,000.00 as of the date of this Agreement, and shall be reduced pursuant to SECTION 2.1.

1.25 "MINIMUM PRINCIPAL REPAYMENT" shall mean five percent (5%) of the outstanding principal amount under the Note.

1.26 "NETCHEMISTRY GUARANTY" shall mean the guaranty by Lender of Borrower's obligation to NetChemistry, Inc, a Delaware Corporation ("NetChemistry"), pursuant to the Escrow Agreement between Borrower and NetChemistry dated on or about the date hereof, and the accompanying Note in the amount of $309,825 from Borrower to NetChemistry.

1.27 "NEW CAPITAL INFUSION" shall mean any and all amounts received by Borrower in the form of equity capital, loans, and otherwise outside of the ordinary course of Borrower's business after the date of the Initial Advance.

1.28 "NOTE" shall mean the Multiple Advance Credit Note, of even date herewith, in the stated principal amount of $1,300,000.00 executed by Borrower in favor of Lender to evidence the Loan, and any other note or notes issued in substitution, replacement, or renewal of the foregoing note.

1.29 "PAYMENT DATE" shall mean each of July 31, 2001, and the last day of each month thereafter. If any Payment Date is a day that is not a Business Day, then the Payment Date for that particular month shall be the next Business Day after the last day of the month in question.

1.30 "PERSON" shall mean an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Government Authority, or other entity of whatever nature.

1.31 "PREPAYMENT SHARES" shall mean 1,500,000 shares of Common Stock of Borrower. In the event that the Borrower shall at any time: (a) pay a stock dividend; (b) subdivide its outstanding shares of Common Stock into a greater number of shares; (c) combine its outstanding shares of Common Stock into a smaller number of shares; or (d) issue by reclassification of its shares of Common Stock any other capital stock of the Borrower, the Lender shall be entitled to receive the number of Prepayment Shares of the Borrower which it would have owned or have been entitled to receive after the happening of any of the events described above had the Prepayment Shares been issued immediately prior to the happening of such event.

1.32 "PROPERTY" shall mean any interest in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible of Borrower now existing or hereinafter acquired.

1.33 "QUARTERLY FACILITY FEE" shall mean one percent (1%) of the sum of (i) the average daily principal balance outstanding during the preceding applicable three-month period, and (ii) the average daily balance of all obligations of Borrower that are guaranteed by Lender pursuant to the NetChemistry Guaranty; PROVIDED, HOWEVER, the first Quarterly Facility Fee shall be calculated commencing on the date hereof, and ending on August 31, 2001.

1.34 "REGISTRATION RIGHTS AGREEMENT" shall mean the Registration Rights

Agreement between Borrower and Lender, dated as of the date hereof, pursuant to which Borrower agrees to register shares of its Common Stock that may be owned or acquired by Lender, as such Registration Rights Agreement may be amended, supplemented, or modified from time to time, together with all exhibits and schedules attached thereto from time to time.

1.35 "RELATED DOCUMENTS" shall mean collectively the Note, the Collateral Documents, the Registration Rights Agreement, the Warrants, the Facilities Use and Administrative Services Agreement by and between Borrower and United Administration, Inc. dated as of the date hereof (the "Facilities Agreement"), and any other notes, instruments, mortgages, deeds of trust, security agreements, assignments, financing statements, documents, agreements, certificates, and guaranties, whether now or hereafter existing, executed in connection with the Loan.

1.36 "SECURITY AGREEMENT" shall mean the Security and Stock Pledge Agreement between Borrower and Lender, dated as of the date hereof, which secures, among other things, the

Loan and any other obligation of Borrower to Lender pursuant to this Agreement and the Related Documents, as such Security and Stock Pledge Agreement may be amended, supplemented, or modified from time to time, together with all Exhibits and schedules attached thereto from time to time.

1.37 "TERMINATION DATE" shall mean the later of (i) the Maturity Date or (ii) the date on which Lender no longer has any liability under the NetChemistry Guaranty.

1.38 "WARRANTS" shall mean the Funding Warrants and the Repayment Warrants (as defined in SECTION 4) issued by Borrower in favor of Lender in connection with this Agreement, dated as of the date hereof, as such Warrants may be amended, supplemented, or modified from time to time, together with all exhibits and schedules attached thereto from time to time.

1.39 "UCC" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of Arizona.

Except as otherwise herein specifically provided, each accounting term used herein shall have the meaning given to the accounting term under GAAP, all other terms contained in this Agreement (and which are not otherwise specifically defined herein) shall have the meanings provided in the UCC to the extent the same are used or defined therein. Unless the context otherwise requires, the words "hereof," "herein," and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, without limitation". All references to dollar amounts shall mean amounts in lawful money of the United States of America.

SECTION 2 AMOUNT AND TERMS OF CREDIT LOAN AND STOCK PURCHASE.

2.1 CREDIT COMMITMENT. Subject to the terms and conditions hereof, Lender agrees to make the Loan to Borrower during the Commitment Period; PROVIDED, HOWEVER, that the sum of (i) the aggregate principal balance of the Loan and (ii) the aggregate amount of all obligations of Borrower that are guaranteed by Lender pursuant to the NetChemistry Guaranty shall at no time exceed $1,300,000. The Loan is not a revolving credit facility and the amounts borrowed and repaid under the Loan are not available to be reborrowed. Amounts guaranteed by Lender pursuant to the NetChemistry Guaranty are not available to be borrowed. Each and every payment of principal under the Loan and all amounts

guaranteed by Lender pursuant to the NetChemistry Guaranty shall reduce the Maximum Available Credit Commitment dollar for dollar. During the Commitment Period, Borrower may borrow and repay the amounts owing on the Loan in whole or in part, all in accordance with the terms and conditions of hereof.

2.2 PURCHASE OF PREFERRED STOCK. Lender hereby subscribes for and agrees to purchase One Thousand Three Hundred (1,300) shares of Series E Redeemable Preferred Stock (the "Shares") of Borrower, at the price of Ten Cents ($0.10) per Share or a total of One Hundred and Thirty dollars ($130.00), payable by check to Borrower upon execution of this Agreement. Lender acknowledges that such Shares are being issued for the purpose of giving the holder thereof certain voting and other rights. The Shares shall have the rights and designations as stated on EXHIBIT A.

2.3 INTEREST PAYABLE.

(a) Borrower agrees to pay interest on the unpaid principal amount from time to time outstanding on the Loan at the Interest Rate. Borrower agrees to pay interest on the aggregate amount of all obligations of Borrower that are guaranteed by Lender pursuant to the NetChemistry Guaranty from time to time at the Interest Rate.

(b) Except as otherwise stated in this Agreement, all interest and fees, if any, with respect to the Loan, shall be computed on the basis of a 365-day year and the actual number of days elapsed.

(c) The unpaid principal amount from time to time outstanding on the Loan shall bear interest at the Default Interest Rate from the date of the occurrence of an Event of Default hereunder until the earlier of: (a) the date on which the unpaid principal amount outstanding, together with all accrued interest and other amounts payable hereunder, is paid in full; or (b) the date on which such Event of Default is timely cured in a manner reasonably satisfactory to Lender.

(d) All fees, charges, goods, things in action or any other sums or things of value, other than the interest resulting from the interest rate charged with respect to the Loan (as described in Section 2 hereof) paid or payable by Borrower (collectively, the "Additional Sums"), whether pursuant to this Agreement or the Related Documents or any other document or instrument in any way pertaining to this lending transaction, or otherwise with respect to this lending transaction, that, under the laws of the State of Arizona, may be deemed to be interest with respect to this lending transaction, for the purpose of any laws of the State of Arizona that may limit the maximum amount of interest to be charged with respect to this lending transaction, shall be payable by Borrower as, and shall be deemed to be, additional interest, and for such purposes only, the agreed upon and "contracted for rate of interest" of this lending transaction shall be deemed to be increased by the rate of interest resulting from the Additional Sums. Borrower understands and believes that this lending transaction complies with the usury laws of the State of Arizona and agrees not to challenge in any manner that this lending transaction violates any such laws; however, if any interest or other charges in connection with this lending transaction are ever determined to exceed the maximum amount permitted by law, then Borrower agrees that: (a) the amount of interest or charges payable pursuant to this lending transaction shall be reduced to the maximum amount permitted by law; and (b) any excess amount previously collected from Borrower in connection with this lending transaction that exceeded the maximum amount permitted by law, will be credited against the principal balance then outstanding hereunder.

2.4 FEES.

(a) COMMITMENT FEE. Upon the date of the Initial Advance, Borrower shall pay to Lender the Commitment Fee.

(b) QUARTERLY FACILITY FEE. Commencing on September 1, 2001, and on each December 1, March 1, June 1, and September 1 thereafter during the Commitment Period, Borrower shall pay to Lender the Quarterly Facility Fee.

2.5 REPAYMENT TERMS. During the Commitment Period, Borrower shall pay to Lender the following:

(a) On each Payment Date, Borrower will pay all accrued but unpaid interest outstanding under the Loan.

(b) On each Payment Date, Borrower shall pay to Lender the Minimum Principal Repayment. In the event that Borrower is not able to pay to Lender the Minimum Principal Repayment on a particular Payment Date, the due date of such Minimum Principal Repayment shall be extended to the next Payment Date; PROVIDED HOWEVER, that in no event shall the due date of any Minimum Principal Repayment be extended beyond the next Payment Date.

(c) In the event Borrower receives a New Capital Infusion, Borrower shall apply such funds in the following order: (i) upon approval of the Borrower's Board of Directors, for payment of accrued benefits and accounts payable existing as of the date of the Initial Advance, in an aggregate amount not to exceed $185,000; and (ii) one half of any amounts remaining after payment of (i) above shall be paid to Lender within two (2) Business Days of Borrower's receipt thereof and shall be applied in accordance with Section 2.5(f).

(d) Borrower shall repay in full all principal, any unpaid interest, and other charges outstanding under the Loan no later than the Maturity Date.

(e) Payments by Borrower to Lender will be made at 2425 East Camelback Road, Suite 100, Phoenix, Arizona 85016 or at such other location selected by Lender from time to time, and made in immediately available funds, or such other type of funds selected by Lender.

(f) Unless otherwise provided in this Agreement, payments received by Lender with respect to the Loan shall be applied first to the Commitment Fee, next to the Quarterly Facility Fees, next to accrued and unpaid interest, next to additional sums or other costs or charges provided for herein or in any of the Related Documents, and the remainder to the principal amount outstanding.

2.6 PREPAYMENTS. Applying all payments as directed in SECTION 2.5(F), Borrower may, at its option, at any time and from time to time, prepay the principal amount of the Loan, in whole or in part. In the event Borrower prepays the principal amount of the Loan in full prior to December 31, 2001, Borrower shall issue to Lender the Prepayment Shares.

2.7 LOAN ACCOUNT. Lender shall maintain on its books a record of account in which Lender shall make entries for each Advance and such other debits and credits as shall be appropriate in connection with the Loan. Lender shall provide Borrower with periodic statements of the account of Borrower.

SECTION 3 CONVERSION OF LOAN.

3.1 CONVERSION RIGHTS. All outstanding amounts under the Note may, at the option of Lender, be converted, in whole or in part, at any time and from time to time into fully paid and non-

assessable shares of Common Stock (the "Conversion Shares"). The number of Conversion Shares to which Lender shall be entitled to receive upon conversion shall be the quotient obtained by dividing (a) the outstanding amount under the Note that Lender elects to convert, by (b) the Conversion Price.

3.2 ADJUSTMENT BASED UPON STOCK DIVIDENDS, COMBINATION OF SHARES, RECAPITALIZATION. In the event that the Borrower shall at any time: (a) pay a stock dividend; (b) subdivide its outstanding shares of Common Stock into a greater number of shares; (c) combine its outstanding shares of Common Stock into a smaller number of shares; or (d) issue by reclassification of its shares of Common Stock any other special capital stock of the Borrower, the Lender, upon surrender of the Loan for conversion, shall be entitled to receive the number of shares of Common Stock or other capital stock of the Borrower which it would have owned or have been entitled to receive after the happening of any of the events described above had the Loan converted immediately prior to the happening of such event.

3.3 ADJUSTMENT BASED UPON MERGER OR CONSOLIDATION. If at any time or from time to time there shall be a merger or consolidation of Borrower with or into another entity (other than a merger or reorganization involving only a change in the state of incorporation of the Borrower), or the sale of all or substantially all of Borrower's capital stock or assets to any other entity, then, as a part of such reorganization, merger, or consolidation, or sale, provision shall be made so that the Lender shall thereafter be entitled to receive upon conversion of the Note the number of shares of stock or other securities or property of Borrower, or of the successor corporation resulting from such merger or consolidation, to which Lender would have been entitled if Lender had converted the Note immediately prior to such capital reorganization, merger, consolidation or sale.

3.4 EXERCISE OF CONVERSION PRIVILEGE. The conversion privilege provided for herein shall be exercisable by Lender by written notice to the Borrower and surrender of the Note in exchange for the Conversion Shares.

3.5 STATUS OF SHARES TO BE ISSUED. All of the Conversion Shares shall, upon issuance, be validly issued, fully paid, non-assessable, and free of any preemptive rights created by the Borrower.

3.6 ISSUANCE OF STOCK CERTIFICATE. Upon conversion of the Loan, the Borrower shall immediately issue to Lender a certificate or certificates representing the Conversion Shares. Such certificates of Conversion Shares shall be deemed to have been issued and Lender shall be deemed to have become a holder of such Conversion Shares as of the close of business on the date of the notice of conversion, notwithstanding that the certificates representing such Conversion Shares shall not actually have been delivered or that the stock transfer books of the Borrower shall then be closed.

3.7 RESERVE OF SHARES. The Borrower shall at all times reserve out of its authorized shares of Common Stock a number of shares sufficient to enable it to comply with its obligation to issue the Conversion Shares.

3.8 RESTRICTED SECURITIES. The Conversion Shares will be "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as

amended (the "Securities Act").

3.9 NO REGISTRATION. Upon conversion, the Conversion Shares will not have been registered under the 1933 Act, the Arizona Securities Act, as amended from time to time (the "Arizona Act"), or the securities laws of any other jurisdiction and must be held indefinitely without any transfer, sale, or other disposition unless (a) they are subsequently registered under the 1933 Act, the Arizona Act, and the securities laws of any other applicable jurisdiction or, (b) in the opinion of counsel reasonably acceptable to the Borrower, registration is not required under such Acts or laws as the result of an available exemption.

3.10 LEGEND. There shall be endorsed on the certificates evidencing the Conversion Shares a legend substantially to the following effect:

> "THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH SHARES ARE 'RESTRICTED SECURITIES' AS DEFINED BY RULE 144 UNDER THAT ACT. THE SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT REGISTERING THE SHARES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR, IN LIEU THEREOF, AN OPINION OF COUNSEL TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THAT ACT. WITHOUT LIMITING THE FOREGOING, THE SHARES MAY NOT BE TRANSFERRED, SOLD, OR OTHERWISE DISPOSED OF WITHOUT AN OPINION OF COUNSEL THAT SUCH TRANSFER, SALE, OR OTHER DISPOSITION DOES NOT VIOLATE THE ARIZONA SECURITIES ACT OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OR THE RULES AND REGULATIONS THEREUNDER.

3.11 RESTRICTION ON OTHER SECURITIES. Except upon certain limited circumstances, the restrictions on the transfer of the Conversion Shares will also apply to any and all shares of capital stock or other securities issued or otherwise acquired with respect thereto including, shares and securities issued or acquired as a result of any stock dividend, stock split, or exchange or any distribution of shares or securities pursuant to any corporate reorganization, reclassification, or similar event.

3.12 REFUSAL TO TRANSFER. The Borrower may not refuse to effect a transfer, sale, or other disposition of the Conversion Shares by the Lender or its successors or assigns otherwise than as contemplated hereby.

SECTION 4 WARRANTS.

4.1 FUNDING WARRANT. As additional consideration for the Loan, contemporaneously with execution of this Loan Agreement, Borrower shall issue to Lender five-year warrants to purchase that number of shares of Common Stock, at an exercise price of $0.125 per share, equal to the product obtained by multiplying (a) 50%, by (b) a fraction, the numerator of which shall be the aggregate amount of all Advances, and the denominator of which shall be $0.10, upon the terms and conditions of the funding warrant certificate ("Funding Warrant").

4.2 REPAYMENT WARRANT. As additional consideration for the Loan, contemporaneously with execution of this Loan Agreement, Borrower shall issue to Lender 90-day warrants to purchase shares of Common Stock, at an exercise price of $0.10 per share, upon the terms and conditions of the repayment warrant certificate ("Repayment Warrant").

4.3 TERMS. The number of shares pursuant to the Warrants, the exercise price, and other terms of the warrants pursuant to this SECTION 4 shall be evidenced by the terms of the warrants.

SECTION 5 COLLATERAL.

5.1 COLLATERAL. The obligations of Borrower to Lender pursuant to this Agreement and the Related Documents shall be secured by a perfected first-priority security interest in all of Borrower's Property.

SECTION 6 CONDITIONS PRECEDENT TO LOAN.

6.1 INITIAL ADVANCE. Upon execution of this Agreement and satisfaction of the following conditions, Lender agrees to make an initial advance to Borrower of at least $250,000 (the "Initial Advance"). In addition to the terms and conditions otherwise contained herein (including SECTION 2 hereof), the obligation of Lender to make the Initial Advance under the Loan is conditioned on Lender receiving, prior to the Initial Advance, each of the following, all of which shall be in such form reasonably satisfactory to Lender:

(a) evidence of cancellation of the following promissory notes, (1) a promissory note in the amount of $336,200.66, due April 1, 2002, payable to Pinnacle Financial Corporation, and (2) a promissory note in the amount of $402,000.00, due April 1, 2002, payable to Mark Moldenhauer (the "Prior Notes");

(b) an amended and restated promissory note in the amount of $738,200.66, payable to Mark Moldenhauer, such note combining the Prior Notes (the "Moldenhauer Note");

(c) a Subordination Agreement by and among Mark Moldenhauer, Borrower, and Lender with respect to the Prior Notes, the Moldenhauer Note, the Loan, and the Related Documents;

(d) a Secretary's Certificate, executed by the Borrower's Secretary, confirming that the following amounts have been converted to Common Stock at a conversion price of $0.10 per share: (i) all accrued compensation payable to the Borrower's Board of Directors (approximately $39,000 as of the date of this Agreement); (ii) anticipated future telephonic and annual meeting compensation through August 2001 (approximately $24,000); and (iii) any other accrued and unpaid obligations to officers, directors, and 5% shareholders (with the exception of the Moldenhauer Note, and accrued bonuses and deferred compensation to officers);

(e) an opinion addressed to Lender from Greenberg Traurig, LLP, special counsel to the Borrower;

(f) an opinion addressed to Lender from Dill Dill Carr Stonbreaker

& Hutchings, P.C., counsel to the Borrower;

(g) this Agreement and the Related Documents in the forms approved by Lender duly authorized, executed by Borrower and any other parties thereto; and

(h) an agreement by R. Gary McCauley to (i) defer payment of all indebtedness owed to R. Gary McCauley by Borrower and (ii) to refrain from executing against any collateral securing such indebtedness until after September 30, 2001.

6.2 REVIEW PERIOD. Notwithstanding anything to the contrary, during the 30-day period following the Initial Advance (the "Review Period"), Lender shall have no obligation to make any subsequent advances to the Initial Advance (each, a "Subsequent Advance"). If Lender is required to make a payment pursuant to the NetChemistry Guarantee during the Review Period, such payment shall not constitute a waiver by Lender of the balance of the Review Period, nor obligate Lender to make any further Subsequent Advances. The obligation of Lender to make any additional Subsequent Advances is subject to the fulfillment, to the satisfaction of Lender, of each of the conditions precedent set forth below:

(a) Lender shall have completed its business, legal, and collateral due diligence, including a collateral audit and review of Borrower's books and records and verification of Borrower's representations and warranties to Lender, the results of which shall be satisfactory to Lender;

(b) Lender shall have satisfactorily completed its legal due diligence with respect to Borrower and Borrower's intellectual property;

(c) All other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed, or recorded and shall be in form and substance satisfactory to Lender.

On or before the end of the Review Period, Lender shall send to Borrower a written notice specifying whether Borrower may request Subsequent Advances. In the event Lender elects not to make any Subsequent Advances, Borrower shall have no right to request or receive any Subsequent Advances. If Lender determines on or before the end of the Review Period that Borrower may request Subsequent Advances, then the provisions of this Agreement, including SECTION 6.3, shall govern such Subsequent Advances.

6.3 SUBSEQUENT ADVANCES. Subject to SECTION 6.2, in addition to the terms and conditions otherwise contained herein, Lender shall make Subsequent Advances upon receipt of a request from Borrower therefor in writing with seven Business Days' advance notice, together with a description of the use of proceeds thereof. Borrower shall not be entitled to receive more than one Advance per month. The obligation of Lender to make each Subsequent Advance under the Loan is conditioned upon the following:

(a) the representations and warranties contained in this Agreement and the Security Agreement shall be true and correct in all material respects on and as of the date of such Subsequent Advance, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(b) no Default or Event of Default shall have occurred and be continuing on the date of such Subsequent Advance, nor shall either result from the making thereof,

(c) no injunction, writ, restraining order, or other order of any

nature prohibiting, directly or indirectly, the Subsequent Advance shall have been issued and remain in force by any Governmental Authority against Borrower, Lender, or any of their Affiliates;

(d) no Material Adverse Change shall have occurred;

(e) Borrower shall have filed with the Securities and Exchange Commission its Annual Report on Form 10-K for the fiscal year ended March 31, 2001, containing therein from Borrower's independent public accountants an unqualified opinion on Borrower's financial statements;

(f) All software (including without limitation the source code thereto) developed pursuant to that certain Agreement for Professional Services dated September 27, 2000 by and among Borrower and NetChemistry, Inc. ("NetChemistry") and all Work Product, as that term is defined in that certain Professional Consulting Services Agreement dated March 21, 2001 by and among Borrower and NetChemistry (including the software and the source code thereto), shall be (a) placed in an independent escrow account, governed by an escrow agreement providing that such software and Work Product be released to Lender upon an Event of Default; (b) registered with the United States Copyright Office in the name of Borrower and Lender shall have recorded an assignment of interest thereto; and (c) subject to the Security Agreement;

(g) Lender shall have received a Secretary's Certificate, executed by Borrower's Secretary, confirming that Company shall use the proceeds of each Subsequent Advance in accordance with Borrower's Business Plan Budget.

6.4 VOLUNTARY ADVANCES BY LENDER. Lender shall have the option, at any time or from time to time, at Lender's sole and absolute discretion, to advance to Borrower the remaining Maximum Available Credit Commitment under the Loan and Borrower agrees to accept such Advances.

SECTION 7 REPRESENTATIONS AND WARRANTIES OF BORROWER.

In order to induce Lender to enter into this Agreement, Borrower makes the following representations and warranties to Lender which shall be true, correct, and complete as of the date hereof, and shall be true, correct, and complete as of the Initial Advance, and at and as of the date of the making of each Subsequent Advance (or other extension of credit) made thereafter, as though made on and as of the date of such Advance (or other extension of credit) (except to the extent that

such representations and warranties relate solely to an earlier date). Except as otherwise disclosed on the Borrower's Disclosure Schedule, attached hereto as EXHIBIT B:

7.1 ORGANIZATION AND QUALIFICATION. Borrower: (a) is a corporation duly organized and in good standing under the laws of the State of Arizona; (b) has the requisite corporate power and authority to execute this Agreement and the Related Documents to which it is a party; (c) has all necessary material licenses, permits, and franchises to borrow hereunder and to grant the liens and security interests provided for in this Agreement and the Related Documents and to own its assets; (d) is duly licensed or qualified and in good standing to do business in all jurisdictions where failure to qualify would have a material adverse effect; and (e) has no material liabilities as a result of any failure to qualify to do business as a foreign corporation in any jurisdiction.

7.2 AUTHORIZATION; VALID OBLIGATION. The making, execution, delivery, and performance by Borrower of this Agreement and the Related Documents to which

it is a party and the creation of all Liens provided for therein have been duly authorized by all necessary corporate action.

7.3 TAXES. Borrower has filed all applicable tax returns which it is required to file. Borrower has paid or made material provisions for the payment of all taxes, assessments, and other governmental charges owed, and to Borrower's knowledge no tax deficiencies have been proposed or assessed against Borrower.

7.4 NO ENCUMBRANCES. Borrower is the sole owner of the Property, free and clear of Liens except for Approved Liens.

7.5 LOCATION OF PROPERTY. The Property is not stored with a bailee, warehouseman, or similar party and is located only at the locations identified on Borrower's Disclosure Schedule.

7.6 CAPITALIZATION; SUBSIDIARIES.

(a) Borrower's Disclosure Schedule sets forth a complete and accurate description of the authorized capital stock of Borrower, by class, and a description of the number of shares of each such class that are issued and outstanding. Other than as set forth on Borrower's Disclosure Schedule, there are no subscriptions, options, warrants, or calls relating to any shares of Borrower's capital stock, including any right of conversion or exchange under any outstanding security or other instrument. Borrower is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or any security convertible into or exchangeable for any of its capital stock.

(b) Borrower's Disclosure Schedule sets forth a complete and accurate list of Borrower's direct and indirect subsidiaries, showing: (i) the jurisdiction of their organization, (ii) the number of shares of each class of common and preferred stock (or other equity interest) authorized for each of such subsidiaries, and (iii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by Borrower. All of the outstanding capital stock (or other equity interest) of each such subsidiary has been validly issued and is fully paid and non-

assessable. Borrower's subsidiaries do not own any material assets and do not generate any material revenue.

(c) Except as set forth on Borrower's Disclosure Schedule, there are no subscriptions, options, warrants, or calls relating to any shares of Borrower's subsidiaries' capital stock, including any right of conversion or exchange under any outstanding security or other instrument. Neither Borrower nor any of its subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of Borrowers' subsidiaries' capital stock or any security convertible into or exchangeable for any such capital stock.

7.7 NO CONFLICTS.

(a) The execution, delivery, and performance by Borrower of this Agreement and the Related Documents to which it is a party do not (i) violate any provision of federal, state, or local law or regulation applicable to Borrower, Borrower's Articles of Incorporation or Bylaws, or any order, judgment, or decree of any court or other Governmental Authority binding on Borrower, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any contractual obligation of

Borrower, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of Borrower, other than Approved Liens, or (iv) require any approval of Borrower's shareholders or any approval or consent of any Person under any contractual obligation of Borrower.

(b) Other than the filing of financing statements and the other actions contemplated in the Security Agreement that require actions by a Governmental Authority or other Person, the execution, delivery, and performance by Borrower of this Agreement and the Related Documents to which Borrower is a party do not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority or other Person.

(c) This Agreement and the other Related Documents to which Borrower is a party, and all other documents contemplated hereby and thereby, when executed and delivered by Borrower will be legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms.

(d) Provided that Lender files financing statements with the appropriate Governmental Authorities and the other actions contemplated in the Security Agreement that are required to be taken by Persons other than Borrower are taken, the Lender's Liens are validly created, perfected, and first priority Liens, subject only to Approved Liens.

7.8 LITIGATION. There are no actions, suits, or proceedings pending or, to the knowledge of Borrower, threatened against Borrower or any of its subsidiaries.

7.9 NO MATERIAL ADVERSE CHANGE. All financial statements relating to Borrower that have been delivered by Borrower to Lender have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and presentation items and being subject to year-end audit adjustments) and present fairly in all material respects, Borrower's financial condition as of the date thereof, and results of operations for the periods then ended. There

has not been a Material Adverse Change with respect to Borrower since the date of the latest financial statements submitted to Lender prior to the date of this Agreement.

7.10 BROKERAGE FEES. Borrower has not utilized the services of any broker or finder in connection with Borrower's obtaining financing from Lender under this Agreement and no brokerage commission or finders fee is payable by Borrower in connection herewith.

7.11 INTELLECTUAL PROPERTY. Borrower owns or holds valid and enforceable licenses in, all trademarks, trade names, copyrights, patents, patent rights, and licenses that are necessary to the conduct of its business as currently conducted. Borrower's Disclosure Schedule sets forth a true, correct, and complete listing of all material patents, patent applications, trademarks, trademark applications, copyrights, and copyright registrations as to which Borrower is the owner or is an exclusive licensee.

7.12 COMPLIANCE WITH LAWS. Borrower is in compliance with each material legal requirement that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets, including without limitation the Securities Act, the Securities Exchange Act of 1934, and general rules and regulations promulgated thereunder. To the best of Borrower's knowledge, no event has occurred or circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by Borrower

of, or a failure on the party of Borrower to comply with, any material legal requirement, or (b) may give rise to any obligation on the part of Borrower to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

7.13 LEASES. Borrower enjoys peaceful and undisturbed possession under all leases to which it is a party or under which it is operating. All of such leases are valid and subsisting and no default by Borrower exists under any of them. Borrower's Disclosure Schedule sets forth all leases that are material to the operation of Borrower's business.

7.14 COMPLETE DISCLOSURE. To the best of Borrower's knowledge, neither this Agreement, the Related Documents, nor any other agreements, written statements, or certificates made or delivered in connection herewith or therewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances then existing, not misleading. The Business Plan Budget and other projections previously delivered to Lender has been prepared in good faith by Borrower and Borrower reasonably believes that there is a reasonable basis for projections in the Business Plan Budget and other projections.

SECTION 8 REPRESENTATIONS AND WARRANTIES OF LENDER.

To induce Borrower to enter into this Agreement, Lender hereby represents, warrants, covenants, and acknowledges to Borrower as follows:

8.1 Lender was not offered nor sold Securities directly or indirectly, by means of any form of general advertising or general solicitation, including, but not limited to (i) any advertisement, article, notice, or other communication published in a newspaper, magazine, or

similar medium of communication or broadcast over television or radio; or (ii) to the knowledge of Lender, any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

8.2 Lender (i) can bear the economic risk of the transactions pursuant to this Agreement; (ii) has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks of an investment in Borrower; and (iii) understands the non-liquid nature of an investment in Borrower.

8.3 Lender acknowledges and understands that an investment in Borrower is a speculative investment that involves a high degree of risk, and there can be no guarantee of the amount of or type of profit or loss to be realized, if any, as a result of an investment in Borrower.

8.4 Lender acknowledges that Borrower is relying on exemptions from the registration requirements of the Securities Act, and afforded by applicable state statutes and regulations. Lender hereby affirms that Lender is an Accredited Investor as that term is defined in Rule 501 of the General Regulations promulgated under the Securities Act.

8.5 Lender understands that the Loan, the Shares, the Conversion Shares, the Funding Warrants, the Repayment Warrants, and the Prepayment Shares (the "Securities") issued or issuable pursuant to this Agreement have not been registered under the Securities Act or the securities laws of any state and are subject to substantial restrictions on transfer.

8.6 Lender acknowledges that the Securities being acquired will be

acquired for Lender's own account without a view to public distribution, transfer, resale, or assignment and that Lender has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of any Securities or any portion thereof to any other person.

8.7 Lender understands that no federal or state agency including the Securities and Exchange Commission or the securities commission or authorities of any other state has approved or disapproved the transactions pursuant to this Agreement or made any finding or determination as to the fairness of such transactions.

8.8 The foregoing representations and warranties are true and accurate as of the date hereof and shall survive the delivery of payment. Lender understands that Borrower is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgements, and understandings set forth herein in order to determine the suitability of Lender to acquire the Securities pursuant to this Agreement. Lender agrees promptly to notify Borrower of any changes to any of the foregoing.

SECTION 9 AFFIRMATIVE COVENANTS.

From and after the date of this Agreement and thereafter until all of the liabilities and obligations of Borrower to Lender pursuant to this Agreement and the Related Documents are repaid and performed in full, Borrower agrees it shall:

9.1 CORPORATE EXISTENCE, PROPERTIES, AND OTHER REQUIREMENTS. (a) Maintain its corporate existence; (b) comply in all material respects with all applicable laws, regulations, ordinances, and orders of any Government Authority with authority over the business of Borrower; and (c) conduct its business substantially as now conducted.

9.2 MAINTENANCE OF PROPERTIES. Maintain and preserve all of its properties which are necessary or useful in the proper conduct to its business in good working order and condition, ordinary wear and tear excepted, and comply at all times with the provisions of all leases to which it is a party as lessee so as to prevent any material loss or forfeiture thereof or thereunder.

9.3 PERFECTION OF SECURITY INTERESTS AND LIENS. Assist Lender to perfect and protect its security interests and liens and reimburse Lender for related costs it incurs to protect its security interests and liens.

9.4 OPERATIONS. Conduct its business affairs in a reasonable and prudent manner and in material compliance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority respecting its Property, businesses, and operations.

9.5 ADDITIONAL ASSURANCES. Take any action reasonably requested by Lender to carry out the intent of this Agreement and the Related Documents, including the execution and delivery to Lender of all notes, security agreements, financing statements, amendments to financing statements, instruments, documents, and other agreements as Lender may reasonably request to evidence and secure the Loan and to perfect and protect all security interests and liens.

9.6 INVOLVEMENT OF LENDER. Include Lender in (a) the determination of the use of proceeds from the Loan or any of Borrower's Property, and (b) discussions with respect to Borrower's technology provider with respect to

current and future arrangements and/or other merger and related financial transactions.

9.7 CORPORATE RELOCATION. Use its reasonable best efforts to obtain satisfactory terms and conditions to relocate its corporate headquarters to the Camelback Esplanade located at 2425 E. Camelback Road, Phoenix, Arizona.

9.8 DIRECTOR AND OFFICER INSURANCE. Use its reasonable best efforts to increase the director and officer insurance maintained by Borrower to a level equivalent to $1.0 million per director. In the event Borrower is not able to maintain such levels of director and officer insurance, Borrower shall increase the levels of director and officer insurance at the highest level possible.

9.9 USE OF PROCEEDS OF INITIAL ADVANCE. Use the proceeds of the Initial Advance (a) to pay up to $25,000 of the attorneys' fees and costs incurred by Lender in connection with preparation

of this Agreement and the Related Documents; (b) to pay $103,275 to NetChemistry pursuant to the Escrow Agreement by and among Borrower, NetChemistry and all other parties thereto; (c) to pay $45,900 to NetChemistry pursuant to the Amendment No. 1 to Agreement for Professional Services dated as of May 1, 2000 (Hosting Agreement) by and between Borrower and NetChemistry; (d) to pay the Commitment Fee; and (e) to pay other amounts pursuant to the Business Plan Budget as approved by Lender.

9.10 NOTICE OF EVENT OF DEFAULT. Deliver to Lender (i) as soon as Borrower has knowledge of any event or condition that constitutes a Default or an Event of Default, notice thereof and a statement of the curative action that Borrower proposes to take with respect thereto, and (ii) upon the request of Lender, any report reasonably requested relating to the financial condition of Borrower.

9.11 TAXES. Cause all assessments and taxes, whether real, personal, or otherwise, due or payable by, or imposed, levied, or assessed against Borrower or any of its assets to be paid in full, before delinquency or before the expiration of any extension period. Borrower will make timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Lender with proof satisfactory to Lender indicating that Borrower has made such payments or deposits. Borrower shall deliver satisfactory evidence of payment of applicable excise taxes in each jurisdictions in which Borrower is required to pay any such excise tax.

9.12 INSURANCE.

(a) At Borrower's expense, maintain insurance respecting its assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. All such policies of insurance shall be in such amounts and with such insurance companies as are reasonably satisfactory to Lender. Borrower shall deliver copies of all such policies to Lender with a satisfactory Lender's loss payable endorsement naming Lender as sole loss payee or additional insured, as appropriate. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days prior written notice to Lender in the event of cancellation of the policy for any reason whatsoever.

(b) Borrower shall give Lender prompt notice of any loss covered by such insurance. From and after an Event of Default, Lender shall have the

exclusive right to adjust any losses payable under any such insurance policies in excess of $50,000, without any liability to Borrower whatsoever in respect of such adjustments. Any monies received as payment for any loss under any insurance policy mentioned above (other than liability insurance policies) or as payment of any award or compensation for condemnation or taking by eminent domain, shall be paid over to Lender to be applied at the option of Lender either to the prepayment of the obligations or shall be disbursed to Borrower under staged payment terms reasonably satisfactory to Lender for application to the cost of repairs, replacements, or restorations. Any such repairs, replacements, or restorations shall be

effected with reasonable promptness and shall be of a value at least equal to the value of the items of property destroyed prior to such damage or destruction.

(c) Borrower will not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this SECTION 9.L2, unless Lender is included thereon as named insured with the loss payable to Lender under a lender's loss payable endorsement or its equivalent. Borrower immediately shall notify Lender whenever such separate insurance is taken out, specifying the insurer thereunder and full particulars as to the policies evidencing the same, and copies of such policies promptly shall be provided to Lender.

9.13 LEASES. Pay when due all rents and other amounts payable under any leases to which Borrower is a party or by which Borrower's properties and assets are bound.

9.14 EXISTENCE. At all times preserve and keep in full force and effect Borrower's valid existence and good standing and any rights and franchises material to Borrower's businesses.

9.15 DISCLOSURE UPDATES. Promptly and in no event later than five Business Days after obtaining knowledge thereof, (a) notify Lender if any written information, exhibit, or report furnished to Lender contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made, and (b) correct any defect or error that may be discovered therein or in any Related Document or in the execution, acknowledgement, filing, or recordation thereof.

9.16 MAINTAIN LIQUIDITY. Use its best efforts to enable its Common Stock (a) to be eligible for quotation on the OTC Bulletin Board, or (b) if Borrower meets such requirements, to be listed on the Nasdaq National Market System, Nasdaq Small Cap Market, or a nationally recognized securities exchange.

9.17 TRANSFER OF BANK ACCOUNTS. Within 5 Business Days following the Initial Advance, transfer all bank accounts to Compass Bank, including entering into a control agreement in form and substance reasonably satisfactory to Lender.

SECTION 10 NEGATIVE COVENANTS.

From and after the date of this Agreement and thereafter until all of the liabilities and obligations of Borrower to Lender pursuant to this Agreement and the Related Documents are repaid and performed in full, Borrower agrees it shall not directly or indirectly, without the prior written consent of the Lender:

10.1 LOANS AND GUARANTIES. (a) Loan money or assets; or (b) incur any obligation as surety or guarantor other than in the ordinary course of business.

10.2 OTHER INDEBTEDNESS. Incur, create, assume, guarantee, or otherwise become primarily or secondarily liable for, or absolutely or contingently liable for, or permit to exist, any Indebtedness (other than to Lender or an Affiliate of Lender) without the prior written consent of Lender.

10.3 OTHER LIENS. Create or permit to be created or allow to exist any Lien on any Property now owned or hereafter acquired by Borrower, except Approved Liens.

10.4 SUSPENSION OF BUSINESS. Voluntarily suspend its business for more than five days in any fiscal year, unless a longer suspension is reasonable as the result of fire, flood or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies, or labor.

10.5 RESTRICTIONS ON FUNDAMENTAL CHANGES.

(a) Enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its capital stock.

(b) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

(c) Convey, sell, lease, license, assign, transfer, or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its assets.

10.6 NATURE OF BUSINESS. Make any change in the principal nature of its business.

10.7 USE OF PROCEEDS. Use the proceeds of the Advances for any purpose other than as permitted herein or in the Business Plan Budget and as specified in the use of proceeds statement delivered by Borrower when requesting an Advance.

10.8 BANK ACCOUNTS. Establish or maintain any bank or deposit account at any institution other than Compass Bank.

SECTION 11 DEFAULT AND REMEDIES.

11.1 EVENTS OF DEFAULT. Each of the following shall constitute an "Event of Default":

(a) PAYMENT DEFAULT. Failure of Borrower to make any payment on the Loan when due and payable under this Agreement or the Related Documents where such failure is continuing for five days after written notice thereof from Lender to Borrower. Notwithstanding the five day cure period provided above, in the event that Borrower fails to pay to Lender any amounts on or before the original due date, Borrower shall pay to Lender a late fee payment equal to 5% of the late payment.

(b) CORPORATE GOVERNANCE DEFAULT. Failure of Borrower within 30 days of the date this Agreement to cause the size of its Board of Directors to be seven directors, two of which shall be the Series E Directors, as that term is defined in the Statement of Borrower pursuant to Arizona Revised Statutes section 10-602 with respect to the Borrower's Series E Redeemable Preferred

Stock; PROVIDED, HOWEVER, that the Series E Directors shall only be elected or appointed by holders of Series E Preferred.

(c) OTHER DEFAULTS. Failure of Borrower to comply with any other term, obligation, covenant, or condition contained in this Agreement or in any of the Related Documents

to which Borrower is a party, or failure of Borrower to comply with any other term, obligation, covenant, or condition contained in any other agreement between Lender and Borrower where such failure is continuing for 15 days after written notice thereof from Lender to Borrower.

(d) FALSE STATEMENTS. Any warranty, representation, or statement made or furnished to Lender under this Agreement or the Related Documents or in any financial statement delivered to Lender pursuant hereto is false or misleading in any material respect, either now or at the time made or furnished.

(e) DEFECTIVE COLLATERALIZATION. This Agreement or any of the Related Documents ceases to be in full force and effect (including the failure of any of the Related Document to create a valid and perfected first-priority security interest).

(f) INSOLVENCY. The dissolution or termination of Borrower, the insolvency of Borrower, the appointment of a receiver for any part of the Property of Borrower, any assignment for the benefit of creditors of Borrower, any type of workout by a creditor of Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

(g) CREDITOR PROCEEDINGS. Commencement of foreclosure, whether by judicial proceeding, self-help, repossession, or any other method, by any creditor of Borrower against any collateral securing the Loan.

(h) ADVERSE CHANGE. A Material Adverse Change occurs in Borrower's financial condition or Property.

(i) CONDUCT OF BUSINESS AFFAIRS. If Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs.

(j) MATERIAL LIENS. If a judgment or other claim becomes a Lien or encumbrance upon any material portion of Borrower's assets and such Lien or encumbrance is not satisfied or released within 10 days.

(k) OTHER PAYMENTS. If Borrower makes any payment on account of Indebtedness that has been contractually subordinated in right of payment to the payment of the Loan, except to the extent such payment is permitted by the terms of the subordination provisions applicable to such Indebtedness or otherwise permitted in this Agreement.

(l) OTHER AGREEMENTS. Any provision of this Agreement or any Related Document shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by Borrower, or a proceeding shall be commenced by Borrower, or by any Governmental Authority having jurisdiction over Borrower, seeking to establish the invalidity or unenforceability thereof, or Borrower shall deny that Borrower has any liability or obligation purported to be created under this Agreement or any Related Document.

11.2 REMEDIES UPON EVENT OF DEFAULT.

(a) Upon the occurrence of an Event of Default, then, at the option of Lender, without presentment, notice, notice of dishonor, demand, protest, or action of any kind by Lender, all of which are hereby waived, the entire amount of unpaid principal of and accrued and unpaid interest on the Loan and all other charges due under this Agreement or the Related Documents shall become immediately due and payable. In the case of an Event of Default of the type described in the "Insolvency" SECTION 11.1(E) and 11.1(F) hereof, such acceleration shall be automatic and not optional.

(b) No remedy herein conferred upon Lender is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and may be exercised singularly or concurrently and shall be in addition to every other remedy given hereunder, under the Related Documents or now or hereafter existing at law or in equity or by statute or otherwise.

(c) Upon the occurrence of an Event of Default prior to December 31, 2001, Borrower shall issue to Lender the Prepayment Shares.

SECTION 12 MISCELLANEOUS.

12.1 RENEWALS AND EXTENSIONS. Borrower understands and agrees that Lender has made no commitment to extend or renew the Loan subsequent to the Termination Date. Any extension or renewal of the Loan shall at all times be subject to the sole judgment and absolute discretion of Lender.

12.2 GAAP. Except as otherwise stated in this Agreement, all financial statements and information provided to Lender and all financial covenants will be made under GAAP, consistently applied.

12.3 GOVERNING LAW. This Agreement and the Related Documents shall be construed in accordance with and governed by the laws of the State of Arizona, without regard to the choice of law rules of the State of Arizona.

12.4 JURISDICTION AND VENUE. Borrower hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Borrower or Lender involving any alleged breach or failure by any party to pay, perform, or observe any sums, obligations, or covenants to be paid, performed, or observed by it under this Agreement, or involving any other claims or allegations arising out of the transactions evidenced or contemplated by this Agreement or the Related Documents, regardless of whether such actions or proceedings shall be for damages, specific performance or declaratory relief or otherwise, such actions, shall be brought in Maricopa County, Arizona; and Borrower hereby submits to the jurisdiction of the State of Arizona for such purposes and agrees that the venue of such actions or proceedings shall properly lie in Maricopa County, Arizona.

12.5 INDEMNIFICATION. Except to the extent arising as the sole result of the gross negligence of willful misconduct of the Indemnified Parties (as defined below), Borrower agrees to indemnify, protect, defend, reimburse, and hold harmless Lender, its Affiliates, and the successors, assigns, and shareholders and the directors, officers, members, managers, employees, agents, and

attorneys of the foregoing (collectively, the "Indemnified Parties") for, from, and against any and all actual or threatened liabilities, claims, actions, causes of actions, judgments, orders, damages (including foreseeable and unforeseeable consequential damages), costs, expenses, fines, penalties, and losses (including sums paid in settlement of claims and all consultant, expert and legal fees, and expenses of Lender's counsel) arising out of or resulting from any: (a) breach of any representation or warranty made or given by Borrower to any of the Indemnified Parties or to any prospective or actual buyer of all or any portion of the collateral for the Loan; or (b) any claim or cause of action of any kind by any party that any of the Indemnified Parties are liable for any act or omission of Borrower or any other Person in connection with the ownership, sale, or operation of the collateral for the Loan.

12.6 CONSENT TO LOAN PARTICIPATION. Borrower agrees and consents to the sale or transfer by Lender, whether now or later, of the Loan or one or more participation interests in the Loan. Lender may provide, without any limitation whatsoever, to any participant in the Loan, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy it may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that any participant in the Loan will be considered as the absolute owner of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Notwithstanding the participation of the Loan in accordance with this SECTION 12.6, Borrower need not respond to an inquiry of any party other than Lender, unless Lender notifies Borrower to the contrary.

12.7 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

12.8 ENTIRE AGREEMENT. This Agreement and the Related Documents contain the entire agreement and understanding of the parties with respect to the subject matter hereof, supersede all other prior understandings, oral or written, with respect to the subject matter hereof, and are intended by Lender and Borrower as the final, complete, and exclusive statement of the terms agreed to by them.

12.9 AMENDMENTS. No amendment, modification, change, waiver, release, or discharge hereof and hereunder shall be effective unless evidenced by an instrument in writing and signed by the party against whom enforcement is sought.

12.10 CONFLICTS; INCONSISTENCY. In the event of any conflict or inconsistency between the terms and provisions of this Agreement and the terms and provisions of any of the Related Documents, the terms and provisions of this Agreement shall control to the extent necessary to resolve such conflict or inconsistency.

12.11 SECTION HEADINGS. The section headings set forth in this Agreement are for convenience only and shall not have substantive meaning hereunder or be deemed part of this Agreement.

12.12 EXCHANGE OF INFORMATION. Borrower agrees that Lender may exchange financial information about Borrower with: (a) Affiliates of Lender; (b) any lender participating in the Loan; (c) the accountants and attorneys of Lender,

the Affiliates of Lender, or any other lender participating in the Loan; (d) regulatory agencies; and (e) any other Person, as required by applicable law.

12.13 PAYMENT OF EXPENSES. Borrower agrees to pay up to $25,000 of the attorneys' fees and costs incurred by Lender in connection with preparation of this Agreement and the Related Documents.

12.14 ATTORNEYS' FEES. In the event any suit or other legal proceeding is brought for the enforcement of any of the provisions of this Agreement, the parties hereto agree that the prevailing party or parties shall be entitled to recover from the other party or parties upon final judgment on the merits reasonable attorneys' fees (and sales taxes thereon, if any), including attorneys' fees for any appeal, and costs incurred in bringing such suit or proceeding.

12.15 NOTICES. Any notice or other communication with respect to this Agreement shall: (a) be in writing; (b) be effective on the day of hand-delivery thereof to the party to whom directed, one day following the day of deposit thereof with delivery charges prepaid, with a national overnight delivery service, or two days following the day of deposit thereof with postage prepaid, with the United States Postal Service, by regular first class, certified, or registered mail; (c) if directed to Lender, be addressed to Lender at the office of Lender set forth below the name of Lender, or to such other address as Lender shall have specified to Borrower by like notice, with a copy to Greenberg Traurig, LLP, 2375 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Robert S. Kant.

12.16 SEVERABILITY. If any provision hereof is invalid or unenforceable, the other provisions hereof shall remain in full force and effect.

12.17 BINDING NATURE. Neither Borrower nor Lender may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party. The provisions of this Agreement shall be binding upon Borrower and Lender and the permitted successors and assigns of Borrower and Lender, and shall inure to the benefit of Borrower and Lender, and their respective successors and assigns.

12.18 TIME OF ESSENCE. Time is of the essence of this Agreement and each and every provision hereof.

12.19 CONSTRUCTION. This Agreement shall be construed as a whole, in accordance with its fair meaning, and without regard to or taking into account any presumption or other rule of law requiring construction against the party preparing this Agreement.

12.20 SURVIVABILITY. The provisions of SECTIONS 12.3, 12.4, 12.5, 12.20, and 12.21 of this Agreement shall survive termination of this Agreement, and the Related Documents shall survive pursuant to their respective terms.

12.21 REVIVAL AND REINSTATEMENT OF OBLIGATIONS. If the incurrence or payment of the Loan by Borrower or the transfer to Lender of any property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (collectively, a "Voidable Transfer"), and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Lender is required or elects to repay or

restore, and as to all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of Borrower automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

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

AUTOTRADECENTER.COM INC., an Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: PRESIDENT

ADDRESS OF BORROWER:

15170 North Hayden Road
Suite 5
Scottsdale, Arizona 85260

EAGLE CAPITAL GROUP, LLC, an Arizona limited liability company

By: /s/ NEIL ELSEY

Name: NEIL ELSEY

Its: PRESIDENT

ADDRESS OF LENDER:

2425 East Camelback Road
Suite 100
Phoenix, Arizona 85016

NEITHER THIS WARRANT, NOR THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW. SUCH SECURITIES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS (I) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND SUCH APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (II) IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY, REGISTRATION UNDER THE SECURITIES ACT AND SUCH APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH A PROPOSED SALE OR TRANSFER.

COMMON STOCK
PURCHASE WARRANT
(FUNDING WARRANT)

For the Purchase of Shares of

Common Stock of

AutoTradeCenter.com Inc. (the "Company")

(No Par Value)

(Incorporated under the Laws of the State of Arizona)

VOID AFTER 5:00 P.M. MST ON July 26, 2006

Date of Original Issuance: July 26, 2001

This is to certify that, for value received, Eagle Capital Group, LLC, or its assigns (the "Warrantholder"), is entitled, subject to the terms and conditions hereinafter set forth, to purchase that number of shares of common stock, no par value (the "Common Stock"), of the Company equal to the product obtained by multiplying (a) 50%, by (b) a fraction, the numerator of which shall be the amount of all aggregate Advances made under the Note (whether or not outstanding or repaid), and the denominator of which shall be $0.10 (subject to adjustment pursuant to the treatment of Warrant Price pursuant to SECTION 3), and to receive a certificate or certificates for the shares of Common Stock so purchased. This Warrant is being issued in connection with and pursuant to the terms of that certain Loan and Stock Purchase Agreement dated July 26, 2001 by and between the Warrantholder and the Company (the "Loan Agreement"), and all undefined capitalized terms used herein shall have the meaning set forth in the Loan Agreement.

1. TERMS AND EXERCISE OF WARRANT.

(A) EXERCISE PERIOD. Subject to the terms of this Warrant, the Warrantholder shall have the right, at any time and from time to time during the Exercise Period (as defined below), to exercise this Warrant for any or all Warrant Shares and to purchase from the Company up to the number of fully paid and nonassessable shares of Common Stock which the Warrantholder may at the time be entitled to purchase pursuant to this Warrant. The shares of Common Stock subject to this Warrant and

any other securities that the Company may be required by the operation of SECTION 3 to issue upon the exercise hereof are referred to herein as the "Warrant Shares." The "Exercise Period" shall mean the period commencing on July 26, 2001, and ending at 5:00 P.M., Mountain Standard Time, on that date which is five years after the date of issuance of this Warrant (the "Termination

Date"), or if such date is a day on which banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day. If this Warrant is not exercised on or prior to the Termination Date, this Warrant shall become void and all rights of the Warrantholder hereunder shall cease. The Company shall provide 30 days' written notice to Warrantholder at Warrantholder's last known address to the Company prior to the Termination Date. In the event Company fails to provide such 30-day notice to Warrantholder, the Termination Date shall be extended automatically for a 30-day period from the date that such notice is ultimately given.

(B) METHOD OF EXERCISE. The Warrantholder may exercise this Warrant by surrender of this Warrant to the Company together with the form of Election to Purchase included as EXHIBIT A hereto, duly completed and signed, and upon payment to the Company of the Warrant Price (as defined in SECTION 2) multiplied by the number of Warrant Shares being purchased upon such exercise (the "Aggregate Warrant Price"), together with all taxes applicable upon such exercise. Payment of the Aggregate Warrant Price shall be made (i) in cash or by certified check or cashier's check, payable to the order of the Company; (ii) by cancellation by the Warrantholder of indebtedness or other obligations of the Company to the Warrantholder; and (iii) by cashless exercise, whereby the number of Warrant Shares to be received upon exercise shall be reduced by the number of Warrant Shares equal to the quotient obtained by dividing (A) the product of the number of Warrant Shares specified in the Election to Purchase and the Warrant Price by (B) the Current Market Price (as hereinafter defined) of a share of Common Stock.

(C) PARTIAL EXERCISE. At the election of the Warrantholder, this Warrant shall be exercisable in whole or in part at any time, and from time to time, during the Exercise Period.

(D) SHARE ISSUANCE UPON EXERCISE. Upon the exercise and surrender of this Warrant certificate and payment of the Aggregate Warrant Price, the Company shall issue and cause to be delivered to the Warrantholder, in such name or names as the Warrantholder may designate in writing, a certificate or certificates for the number of full Warrant Shares so purchased upon the exercise of the Warrant, and if applicable, the Company shall issue and deliver a new Warrant to the Warrantholder for the number of Warrant Shares not so exercised. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of such Warrant Shares as of the close of business on the date of the surrender of the Warrant and payment of the Aggregate Warrant Price, notwithstanding that the certificates representing such Warrant Shares shall not actually have been delivered or that the stock transfer books of the Company shall then be closed.

2. WARRANT PRICE. The price per share at which Warrant Shares shall be purchasable upon the exercise of this Warrant shall be $0.125 per share (the "Warrant Price"), subject to adjustment as provided below.

3. ADJUSTMENT OF NUMBER OF WARRANT SHARES AND WARRANT PRICE. The Company agrees to reserve and shall keep reserved for issuance the number of shares of Common Stock issuable upon exercise of this Warrant. The number of Warrant Shares purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

(A) In case the Company shall (1) pay a dividend or make a distribution in shares of its Common Stock, (2) subdivide its outstanding Common Stock into a greater number of shares, (3) combine its outstanding Common Stock into a smaller number of shares, or (4) issue by reclassification of its Common

Stock any shares of capital stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value), the number of Warrant Shares issuable upon exercise of this Warrant and the Warrant Price in effect immediately prior thereto shall be adjusted as follows:

(i) The number of Warrant Shares issuable upon exercise of this Warrant shall be adjusted by multiplying the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after such adjustment, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such adjustment; and

(ii) The Warrant Price shall be adjusted by multiplying the Warrant Price in effect immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment, and the denominator of which shall be the number of Warrant Shares as so adjusted.

(B) The issuance to all holders of Common Stock of rights to subscribe to Common Stock at a price lower than 95% of the Current Market Price thereof as of the close of business on the last business day of the week preceding such issuance of rights shall be deemed to constitute the payment of a dividend in Common Stock to the holders of shares of Common Stock (and the record date therefore shall be deemed to have been fixed as the date of issuance of such rights) of that number of shares which is determined by dividing the Current Market Price per share as of such time into the difference between (1) the total Current Market Price as of such time of the number of shares purchasable upon exercise of such rights, and (2) the total offering price of such shares. As used herein, "Current Market Price" means (a) if the Common Stock is traded in the over-the-counter market and not in the Nasdaq National Market System nor on any national securities exchange, the average of the per share closing bid prices of the Common Stock on the 30 consecutive trading days immediately preceding the date in question, as reported by Nasdaq or an equivalent generally accepted reporting service, or (b) if the Common Stock is traded in the Nasdaq National Market System or on a national securities exchange, the average for the 30 consecutive trading days immediately preceding the date in question of the daily per share closing prices of the Common Stock in the Nasdaq National Market System or on the principal stock exchange on which it is listed, as the case may be. For purposes of clause (a) above, if trading in the Common Stock is not reported by Nasdaq, the bid price referred to in said clause shall be the lowest bid price as reported on the OTC Bulletin Board, or if not available, in the "pink sheets" published by National Quotation Bureau, Incorporated. The closing price referred to in clause (b) above shall be the last reported sale price or, in the case where no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case in the Nasdaq National Market System or on the national securities exchange on which the Common Stock is then listed. If the Common Stock is not traded on any market, the Current Market Price shall be the fair market value as determined by the Corporation's Board of Directors in its sole discretion, which determination shall be final.

(C) An adjustment made pursuant to this SECTION 3 shall become effective immediately after the record date in the case of a dividend or distribution (provided, however, that such adjustments shall be reversed if such dividends or distributions are not actually paid) and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this SECTION 3, the Warrantholder shall become entitled to receive shares of two or more classes of capital stock of the Company, the board of directors of the

Company (whose determination shall be conclusive and shall be evidenced by a resolution) shall determine the allocation of the adjusted Warrant Price between or among the shares of such classes of capital stock.

(D) In case of any reclassification of the outstanding Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision, combination, or stock dividend), or in case of any consolidation of the Company with, or merger of the Company into, another corporation wherein the Company is not the surviving entity, or in case of any sale of all, or substantially all, of the property, assets, business, and goodwill of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall provide, by a written instrument delivered to the Warrantholder, that the Warrantholder shall thereafter be entitled, upon exercise of this Warrant, to the kind and amount of shares of stock or other equity securities, or other property or assets, which would have been receivable by such Warrantholder upon such reclassification, consolidation, merger, or sale, if this Warrant had been exercised immediately prior thereto. Such corporation, which thereafter shall be deemed to be the "Company" for purposes of this Warrant, shall provide in such written instrument for adjustments to the Warrant Price which shall be as nearly equivalent as may be practicable to the adjustments provided for in this SECTION 3.

(E) Notwithstanding anything to the contrary in this SECTION 3, in case Company shall hereafter issue shares of its Common Stock or securities convertible or exchangeable into Common Stock (excluding shares issued (i) upon the declaration of a dividend on or a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) upon a subdivision or reclassification of its outstanding shares of Common Stock into a greater number of shares, (iii) upon a combination or reclassification of its outstanding shares of Common Stock into a smaller number of shares, (iv) upon exercise of options granted to Company's officers, directors, employees, and consultants under a plan or plans adopted by Company's Board of Directors (the "Excluded Options"), PROVIDED HOWEVER, that in no event shall the Excluded Options exceed 10% of the issued and outstanding shares of Common Stock; (v) upon exercise or conversion of options, warrants, convertible securities, and convertible debentures outstanding as of the date of the Initial Advance, (vi) to shareholders of any corporation which merges into Company in proportion to their stock holdings of such corporation immediately prior to such merger, upon such merger, (vii) upon exercise or conversion of any securities issued to Lender pursuant to the Loan Agreement or the Related Documents, or (viii) issued in a bona fide public offering pursuant to a firm commitment underwriting), for a consideration per share (the "Offering Price") less than the Warrant Price, the Warrant Price shall be adjusted immediately thereafter so that it shall equal the Offering Price.

(F) For the purpose of this SECTION 3, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock of the Company on the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to this SECTION 3, the Warrantholder shall become entitled to purchase any shares of the Company's capital stock other than Common Stock, thereafter the number of such other shares so purchasable upon the exercise of this Warrant and the Warrant Price of such shares shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this SECTION 3.

(G) Whenever the number of shares of Common Stock and/or other securities purchasable upon the exercise of this Warrant or the Warrant Price is

adjusted as herein provided, the Company shall cause to be promptly mailed to the Warrantholder by first class mail, postage prepaid, notice of such adjustment and a certificate of the Company's chief financial officer setting forth the number of shares of Common Stock and/or other securities purchasable upon the exercise of this Warrant, the Warrant Price after such adjustment, a brief statement of the facts requiring such adjustment, and the computation by which such adjustment was made.

(H) Irrespective of any adjustments in the Warrant Price or the number or kind of securities purchasable upon the exercise of this Warrant, the Warrant certificate or certificates theretofore or thereafter issued may continue to express the same price or number or kind of securities stated in this Warrant initially issuable hereunder.

(I) In the absence of a resolution of the Company fixing a record date for an event described in this SECTION 3, the Company shall be deemed to have fixed as the record date therefor the date on which the event is effected.

4. TRANSFER. This Warrant and all rights hereunder are assignable and transferable (subject to any restrictive legends hereon), at any time in whole or in part, without the consent of the Company, to any person or entity, upon surrender of this Warrant to the Company, together with a written assignment of this Warrant substantially in the form of EXHIBIT B attached hereto, duly executed by the Warrantholder hereof or such Warrantholder's agent or attorney. Upon such surrender, the Company shall, without charge, execute and deliver a new Warrant or Warrants in the name of the assignee or assignees (and, if the Warrantholder's entire interest is not being assigned, in the name of the Warrantholder), and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. In the event of such transfer pursuant to this SECTION 4, SECTION 3(E) of this Warrant shall have no further force or effect and shall not be a term of any transferred Warrant.

5. NO RIGHTS AS SHAREHOLDER; NOTICES TO WARRANTHOLDER. Prior to the exercise of this Warrant pursuant to the terms hereof, nothing contained in this Warrant shall be construed as conferring upon the Warrantholder any rights as a shareholder of the Company, either at law or in equity, including the right to vote, receive dividends, consent or receive notices as a shareholder with respect to any meeting of shareholders for the election of directors of the Company, or for any other matter.

6. NOTICES. Any notice given pursuant to this Warrant by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given upon (a) personal delivery, (b) transmitter's confirmation of the receipt of a facsimile transmission, (c) confirmed delivery by a standard overnight carrier, or (d) the expiration of three business days after the day when mailed with the United States Postal Service by certified or registered mail, return receipt requested, postage prepaid at the following addresses:

If to the Company:
AutoTradeCenter.com Inc.
15170 North Hayden Road, Suite 5
Scottsdale, Arizona 85260

With Copy to:

Greenberg Traurig, LLP
2375 East Camelback Road
Suite 700
Phoenix, Arizona 85016
Attention: Robert S. Kant

If to the Warrantholder:
Eagle Capital Group, LLC
2425 East Camelback
Suite 100
Phoenix, Arizona 85016

With Copy to:

Osborn Maledon, P.A.
2929 North Central Avenue
Suite 2100
Phoenix, Arizona 85012
Attention: Alisa C. Lacey

Each party hereto may, from time to time, change the address to which notices to it are to be transmitted, delivered, or mailed hereunder by notice in accordance herewith to the other party.

7. INVESTMENT REPRESENTATION. The Warrantholder hereby represents to the Company that it is acquiring this Warrant for its own account, as principal, for investment and not with a view to or the intent to participate in, directly or indirectly, the resale, assignment, distribution, or fractionalization of all or any part hereof except as disclosed to, and agreed to by, the Company as of the date hereof. Further, the Warrantholder, and any assignee, shall furnish the Company an investment letter, in form and substance satisfactory to the Company, prior to the issuance of any Warrant Shares or other securities issuable upon the exercise hereof, to the effect that such securities, and any additional securities of the Company for which such securities may be exercised or exchanged or into which they may ultimately be converted, if not registered pursuant to applicable state and federal securities laws, will be acquired for investment and not with a view to the sale or distribution thereof. The Warrantholder hereby further represents that it and any assignee has been provided with, or been given reasonable access to, full and fair disclosure of all material information regarding the Company, this Warrant, and the Common Stock.

8. GENERAL PROVISIONS.

(A) SUCCESSORS. All covenants and provisions of this Warrant shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

(B) CHOICE OF LAW. This Warrant and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Arizona, including all matters of construction, validity, performance, and enforcement, and without giving effect to the principles of any Arizona or other forum state's conflict-of-law provisions to the contrary.

(C) JURISDICTION AND VENUE. The Company hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Warrantholder or the Company

involving any alleged breach or failure by any party to pay, perform, or observe any sums, obligations, or covenants to be paid, performed, or observed by it under this Warrant, or involving any other claims or allegations arising out of the transactions evidenced or contemplated by this Warrant, regardless of whether such actions or proceedings shall be for damages, specific performance or declaratory relief, or otherwise, such actions, in the sole and absolute discretion of Warrantholder, may be required to be brought in Maricopa County,

Arizona; and the Company hereby submits to the jurisdiction of the State of Arizona for such purposes and agree that the venue of such actions or proceedings shall properly lie in Maricopa County, Arizona; and the Company hereby waive any and all defenses in such jurisdiction and venue.

(D) ENTIRE AGREEMENT. Except as provided herein, this Warrant, including exhibits, contains the entire agreement of the parties, and supersedes all existing negotiations, representations, or agreements and all other oral, written, or other communications between them concerning the subject matter of this Warrant.

(E) SEVERABILITY. If any provision of this Warrant is unenforceable, invalid, or violates applicable law, such provision shall be deemed stricken and shall not affect the enforceability of any other provisions of this Warrant.

(F) CAPTIONS. The captions in this Warrant are inserted only as a matter of convenience and for reference and shall not be deemed to define, limit, enlarge, or describe the scope of this Warrant or the relationship of the parties, and shall not affect this Warrant or the construction of any provisions herein.

IN WITNESS WHEREOF, the Company caused this Warrant to be duly executed as of the date first above written.

AUTOTRADECENTER.COM INC., an Arizona corporation

By:/s/ ROGER BUTTERWICK

Name: Roger Butterwick
Its: President

EXHIBIT A

ELECTION TO PURCHASE

AutoTradeCenter.com Inc.
15170 North Hayden Road, Suite 5
Scottsdale, Arizona 85260

Attention: Corporate Secretary

The undersigned hereby irrevocably elects to exercise the right of purchase set forth in the attached Warrant to purchase thereunder _____ shares of the Common Stock (the "Warrant Shares") provided for therein and requests that the Warrant Shares be issued in the name of

---

(Please Print Name, Address and SSN or EIN of Shareholder above)

Dated:_____

Name of Warrantholder or Assignee:

(Please Print)

Signature:

(Signature must conform in all respects to name of holder as specified on the face of the Warrant.)

Address:

Aggregate Warrant Price Paid: $_____

Method of payment:

(Please Print)

Medallion Signature Guarantee (required if an assignment of Warrant Shares acquired on exercise is made upon exercise.)

EXHIBIT B

FORM OF ASSIGNMENT

(To be executed by the registered holder hereof)

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the assignee named below all the rights of the undersigned under this Warrant with respect to the number of shares of Common Stock covered thereby set forth below to:

<TABLE>
<CAPTION>

<S>	<C>	<C>
NAME OF ASSIGNEE	ADDRESS	Number of Shares of Common STOCK

</TABLE>

and hereby irrevocably constitutes and appoints _____ as agent and attorney-in-fact to transfer such portion of said Warrant on the books of the Company, with full power of substitution in the premises.

References in this Notice to "Common Stock" shall include other securities or other property to the extent included in Warrant Shares.

Dated:

(Signature of Registered Holder)

Name of Registered Holder
(Please Print)

NEITHER THIS WARRANT, NOR THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW. SUCH SECURITIES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS (I) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND SUCH APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO OR (II) IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY, REGISTRATION UNDER THE SECURITIES ACT AND SUCH APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH A PROPOSED SALE OR TRANSFER.

COMMON STOCK
PURCHASE WARRANT
(REPAYMENT WARRANT)

For the Purchase of Shares of

Common Stock of

AutoTradeCenter.com Inc.

(No Par Value)

(Incorporated under the Laws of the State of Arizona)

VOID AFTER 5:00 P.M. MST ON THE EXPIRATION DATE

Date of Original Issuance: July 26, 2001

This is to certify that, for value received, Eagle Capital Group, LLC, an Arizona limited liability company, or its assigns (the "Warrantholder"), is entitled, subject to the terms and conditions hereinafter set forth, to purchase, at the Warrant Price (as defined below) the difference between (a) 13,000,000, and (b) the number of shares of common stock, no par value (the

"Common Stock"), of the Company, if any, issued upon the conversion of any outstanding amounts under the Note, as that term is defined in that certain Loan and Stock Purchase Agreement, dated July 26, 2001, by and between the Warrantholder and the Company (the "Loan Agreement"), and to receive a certificate or certificates for the shares of Common Stock so purchased. This Warrant is being issued in connection with and pursuant to the terms of the Loan Agreement, and all undefined capitalized terms used herein shall have the meaning set forth in the Loan Agreement.

1. TERMS AND EXERCISE OF WARRANT.

(A) VESTING. This Warrant shall not be exercisable until the Termination Date (the "Vesting Date").

(B) EXERCISE PERIOD. Subject to the terms of this Warrant, the Warrantholder shall have the right, at any time and from time to time during the Exercise Period (as defined below), to exercise this Warrant for any or all Warrant Shares and to purchase from the Company up to the number

of fully paid and nonassessable shares of Common Stock which the Warrantholder may at the time be entitled to purchase pursuant to this Warrant. The shares of Common Stock subject to this Warrant and any other securities that the Company may be required by the operation of SECTION 3 to issue upon the exercise hereof are referred to herein as the "Warrant Shares. The "Exercise Period" shall mean the period commencing on the Vesting Date, and ending ninety days thereafter at 5:00 P.M., Mountain Standard Time, on such date (the "Expiration Date"), or if such date is a day on which banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day. If this Warrant is not exercised on or prior to the Expiration Date, this Warrant shall become void and all rights of the Warrantholder hereunder shall cease. The Company shall provide 30 days' written notice to Warrantholder at Warrantholder's last known address to the Company prior to the Expiration Date. In the event Company fails to provide such 30-day notice to Warrantholder, the Expiration Date shall be extended automatically for a 30-day period from the date that such notice is ultimately given.

(C) METHOD OF EXERCISE. The Warrantholder may exercise this Warrant by surrender of this Warrant to the Company together with the form of Election to Purchase included as EXHIBIT A hereto, duly completed and signed, and upon payment to the Company of the Warrant Price (as defined in SECTION 2) multiplied by the number of Warrant Shares being purchased upon such exercise (the "Aggregate Warrant Price"), together with all taxes applicable upon such exercise. Payment of the Aggregate Warrant Price shall be made (i) in cash or by certified check or cashier's check, payable to the order of the Company; (ii) by cancellation by the Warrantholder of indebtedness or other obligations of the Company to the Warrantholder; or (iii) by cashless exercise, whereby the number of Warrant Shares to be received upon exercise shall be reduced by the number of Warrant Shares equal to the quotient obtained by dividing (A) the product of the number of Warrant Shares specified in the Election to Purchase and the Warrant Price by (B) the Current Market Price (as hereinafter defined) of a share of Common Stock.

(D) PARTIAL EXERCISE. At the election of the Warrantholder, this Warrant shall be exercisable in whole or in part at any time, and from time to time, during the Exercise Period.

(E) SHARE ISSUANCE UPON EXERCISE. Upon the exercise and surrender of this Warrant certificate and payment of the Aggregate Warrant Price, the Company shall issue and cause to be delivered with all reasonable dispatch to the Warrantholder, in such name or names as the Warrantholder may designate in writing, a certificate or certificates for the number of full Warrant Shares so purchased upon the exercise of the Warrant, and, if applicable, the Company

shall issue and deliver a new Warrant to the Warrantholder for the number of Warrant Shares not so exercised. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of such Warrant Shares as of the close of business on the date of the surrender of the Warrant and payment of the Aggregate Warrant Price, notwithstanding that the certificates representing such Warrant Shares shall not actually have been delivered or that the stock transfer books of the Company shall then be closed.

2. WARRANT PRICE. The price at which Warrant Shares shall be purchasable upon the exercise of this Warrant shall be $0.10 per share (the "Warrant Price"), subject to adjustment as provided below.

3. ADJUSTMENT OF NUMBER OF WARRANT SHARES AND WARRANT PRICE. The Company agrees to reserve and shall keep reserved for issuance the number of shares of Common Stock issuable upon exercise of this Warrant. The number of Warrant Shares purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

(A) In case the Company shall (1) pay a dividend or make a distribution in shares of its Common Stock, (2) subdivide its outstanding Common Stock into a greater number of shares, (3) combine its outstanding Common Stock into a smaller number of shares, or (4) issue by reclassification of its Common Stock any shares of capital stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value), the number of Warrant Shares issuable upon exercise of this Warrant and the Warrant Price in effect immediately prior thereto shall be adjusted as follows:

(i) The number of Warrant Shares issuable upon exercise of this Warrant shall be adjusted by multiplying the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after such adjustment, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such adjustment; and

(ii) The Warrant Price shall be adjusted by multiplying the Warrant Price in effect immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment, and the denominator of which shall be the number of Warrant Shares as so adjusted.

(B) The issuance to all holders of Common Stock of rights to subscribe to Common Stock at a price lower than 95% of the Current Market Price thereof as of the close of business on the last business day of the week preceding such issuance of rights shall be deemed to constitute the payment of a dividend in Common Stock to the holders of shares of Common Stock (and the record date therefore shall be deemed to have been fixed as the date of issuance of such rights) of that number of shares which is determined by dividing the Current Market Price per share as of such time into the difference between (1) the total Current Market Price as of such time of the number of shares purchasable upon exercise of such rights, and (2) the total offering price of such shares. As used herein, "Current Market Price" means (a) if the Common Stock is traded in the over-the-counter market and not in the Nasdaq National Market System nor on any national securities exchange, the average of the per share closing bid prices of the Common Stock on the 30 consecutive trading days immediately preceding the date in question, as reported by Nasdaq or an equivalent generally accepted reporting service, or (b) if the Common Stock is traded in the Nasdaq National Market System or on a national securities

exchange, the average for the 30 consecutive trading days immediately preceding the date in question of the daily per share closing prices of the Common Stock in the Nasdaq National Market System or on the principal stock exchange on which it is listed, as the case may be. For purposes of clause (a) above, if trading in the Common Stock is not reported by Nasdaq, the bid price referred to in said clause shall be the lowest bid price as reported on the OTC Bulletin Board, or if not available, in the "pink sheets" published by National Quotation Bureau, Incorporated. The closing price referred to in clause (b) above shall be the last reported sale price or, in the case where no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case in the Nasdaq National Market System or on the national securities exchange on which the Common Stock is then listed. If the Common Stock is not traded on any market, the Current Market Price shall be the fair market value as determined by the Company's Board of Directors in its sole discretion, which determination shall be final.

(C) An adjustment made pursuant to this SECTION 3 shall become effective immediately after the record date in the case of a dividend or distribution (PROVIDED, HOWEVER, that such adjustments shall be reversed if such dividends or distributions are not actually paid) and shall become effective immediately after the effective date in the case of a subdivision, combination, or reclassification. If, as a result of an adjustment made pursuant to this SECTION 3, the Warrantholder shall become entitled to receive shares of two or more classes of capital stock of the Company, the Board of Directors (whose

determination shall be conclusive and shall be evidenced by a resolution) shall determine the allocation of the adjusted Warrant Price between or among the shares of such classes of capital stock.

(D) In case of any reclassification of the outstanding Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision, combination, or stock dividend), or in case of any consolidation of the Company with, or merger of the Company into, another corporation wherein the Company is not the surviving entity, or in case of any sale of all, or substantially all, of the property, assets, business, and goodwill of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall provide, by a written instrument delivered to the Warrantholder, that the Warrantholder shall thereafter be entitled, upon exercise of this Warrant, to the kind and amount of shares of stock or other equity securities, or other property or assets, which would have been receivable by such Warrantholder upon such reclassification, consolidation, merger, or sale, if this Warrant had been exercised immediately prior thereto. Such corporation, which thereafter shall be deemed to be the "Company" for purposes of this Warrant, shall provide in such written instrument for adjustments to the Warrant Price which shall be as nearly equivalent as may be practicable to the adjustments provided for in this SECTION 3.

(E) Notwithstanding anything to the contrary in this SECTION 3, in case Company shall hereafter issue shares of its Common Stock or securities convertible or exchangeable into Common Stock (excluding shares issued (i) upon the declaration of a dividend on or a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) upon a subdivision or reclassification of its outstanding shares of Common Stock into a greater number of shares, (iii) upon a combination or reclassification of its outstanding shares of Common Stock into a smaller number of shares, (iv) upon exercise of options granted to Company's officers, directors, employees, and consultants under a plan or plans adopted by Company's Board of Directors (the "Excluded Options"), PROVIDED HOWEVER, that in no event shall the Excluded Options exceed 10% of the issued and outstanding shares of Common Stock; (v) upon exercise or conversion of options, warrants, convertible securities, and convertible

debentures outstanding as of the date of the Initial Advance, (vi) to shareholders of any corporation which merges into Company in proportion to their stock holdings of such corporation immediately prior to such merger, upon such merger, (vii) upon exercise or conversion of any securities issued to Lender pursuant to the Loan Agreement or the Related Documents, or (viii) issued in a bona fide public offering pursuant to a firm commitment underwriting), for a consideration per share (the "Offering Price") less than the Warrant Price, the Warrant Price shall be adjusted immediately thereafter so that it shall equal the Offering Price.

(F) For the purpose of this SECTION 3, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock of the Company on the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to this SECTION 3, the Warrantholder shall become entitled to purchase any shares of the Company's capital stock other than Common Stock, thereafter the number of such other shares so purchasable upon the exercise of this Warrant and the Warrant Price of such shares shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this SECTION 3.

(G) Whenever the number of shares of Common Stock and/or other securities purchasable upon the exercise of this Warrant or the Warrant Price is adjusted as herein provided, the Company shall cause to be promptly mailed to the Warrantholder by first class mail, postage prepaid, notice of such adjustment and a certificate of the Company's chief financial officer setting forth the number of shares of Common Stock and/or other securities purchasable upon the exercise of this Warrant,

the Warrant Price after such adjustment, a brief statement of the facts requiring such adjustment, and the computation by which such adjustment was made.

(H) Irrespective of any adjustments in the Warrant Price or the number or kind of securities purchasable upon the exercise of this Warrant, the Warrant certificate or certificates theretofore or thereafter issued may continue to express the same price or number or kind of securities stated in this Warrant initially issuable hereunder.

(I) In the absence of a resolution of the Company fixing a record date for an event described in this SECTION 3, the Company shall be deemed to have fixed as the record date therefor the date on which the event is effected.

4. TRANSFER. This Warrant and all rights hereunder are assignable and transferable (subject to any restrictive legends hereon), at any time in whole or in part, without the consent of the Company, to any person or entity, upon surrender of this Warrant to the Company, together with a written assignment of this Warrant substantially in the form of EXHIBIT B attached hereto, duly executed by the Warrantholder hereof or such Warrantholder's agent or attorney. Upon such surrender, the Company shall, without charge, execute and deliver a new Warrant or Warrants in the name of the assignee or assignees (and, if the Warrantholder's entire interest is not being assigned, in the name of the Warrantholder), and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. In the event of such transfer pursuant to this SECTION 4, SECTION 3(E) of this Warrant shall have no further force or effect and shall not be a term of any transferred Warrant.

5. NO RIGHTS AS Shareholder; NOTICES TO WARRANTHOLDER. Prior to the

exercise of this Warrant pursuant to the terms hereof, nothing contained in this Warrant shall be construed as conferring upon the Warrantholder any rights as a shareholder of the Company, either at law or in equity, including the right to vote, receive dividends, consent or receive notices as a shareholder with respect to any meeting of shareholders for the election of directors of the Company, or for any other matter.

6. NOTICES. Any notice given pursuant to this Warrant by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given upon (a) personal delivery, (b) transmitter's confirmation of the receipt of a facsimile transmission, (c) confirmed delivery by a standard overnight carrier, or (d) the expiration of three business days after the day when mailed with the United States Postal Service by certified or registered mail, return receipt requested, postage prepaid at the following addresses:

If to the Company:
AutoTradeCenter.com Inc.
15170 North Hayden Road, Suite 5
Scottsdale, Arizona 85260
Attention: Corporate Secretary

With Copy to:

Greenberg Traurig, LLP
2375 East Camelback Road
Suite 700
Phoenix, Arizona 85016
Attention: Robert S. Kant

If to the Warrantholder:
Eagle Capital Group, LLC
2425 East Camelback,
Suite 100
Phoenix, Arizona 85016

With Copy to:

Osborn Maledon, P.A.
2929 North Central Avenue
Suite 2100
Phoenix, Arizona 85012
Attention: Alisa C. Lacey

Each party hereto may, from time to time, change the address to which notices to it are to be transmitted, delivered, or mailed hereunder by notice in accordance herewith to the other party.

7. INVESTMENT REPRESENTATION. The Warrantholder hereby represents to the Company that it is acquiring this Warrant for its own account, as principal, for investment and not with a view to or the intent to participate in, directly or indirectly, the resale, assignment, distribution or fractionalization of all or any part hereof except as disclosed to, and agreed to by, the Company as of the date hereof. Further, the Warrantholder, and any assignee, shall furnish the Company an investment letter, in form and substance satisfactory to the Company, prior to the issuance of any Warrant Shares or other securities issuable upon the exercise hereof, to the effect that such securities, and any additional securities of the Company for which such securities may be exercised or exchanged or into which they may ultimately be converted, if not registered pursuant to applicable state and federal securities laws, will be acquired for investment and not with a view to the sale or distribution thereof. The

Warrantholder hereby further represents that it and any assignee has been provided with, or been given reasonable access to, full and fair disclosure of all material information regarding the Company, this Warrant, and the Common Stock.

8. GENERAL Provisions.

(A) SUCCESSORS. All covenants and provisions of this Warrant shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

(B) CHOICE OF LAW. This Warrant and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Arizona, including all matters of construction, validity, performance, and enforcement, and without giving effect to the principles of any Arizona or other forum state's conflict-of-law provisions to the contrary.

(C) JURISDICTION AND VENUE. The Company hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Warrantholder or the Company involving any alleged breach or failure by any party to pay, perform, or observe any sums, obligations, or covenants to be paid, performed, or observed by it under this Warrant, or involving any other claims or allegations arising out of the transactions evidenced or contemplated by this Warrant, regardless of whether such actions or proceedings shall be for damages, specific performance or declaratory relief or otherwise, such actions, in the sole and absolute discretion of Warrantholder, may be required to be brought in Maricopa County, Arizona; and the Company hereby submits to the jurisdiction of the State of Arizona for such purposes and agree that the venue of such actions or proceedings shall properly lie in

Maricopa County, Arizona; and the Company hereby waive any and all defenses in such jurisdiction and venue.

(D) ENTIRE AGREEMENT. Except as provided herein, this Warrant, including exhibits, contains the entire agreement of the parties, and supersedes all existing negotiations, representations, or agreements and all other oral, written, or other communications between them concerning the subject matter of this Warrant.

(E) SEVERABILITY. If any provision of this Warrant is unenforceable, invalid, or violates applicable law, such provision shall be deemed stricken and shall not affect the enforceability of any other provisions of this Warrant.

(F) CAPTIONS. The captions in this Warrant are inserted only as a matter of convenience and for reference and shall not be deemed to define, limit, enlarge, or describe the scope of this Warrant or the relationship of the parties, and shall not affect this Warrant or the construction of any provisions herein.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company caused this Warrant to be duly executed as of the date first above written.

AUTOTRADECENTER.COM INC., an Arizona corporation

By:/s/ ROGER BUTTERWICK

Name: Roger Butterwick
Its: President

EXHIBIT A

ELECTION TO PURCHASE

AutoTradeCenter.com Inc.
15170 North Hayden Road, Suite 5
Scottsdale, Arizona 85260

Attention: Corporate Secretary

The undersigned hereby irrevocably elects to exercise the right of purchase set forth in the attached Warrant to purchase thereunder _____ shares of the Common Stock (the "Warrant Shares") provided for therein and requests that the Warrant Shares be issued in the name of

---

(Please Print Name, Address and SSN or EIN of Shareholder above)

Dated:_____

Name of Warrantholder or Assignee:

(Please Print)

Signature:

(Signature must conform in all respects to name of holder as specified on the face of the Warrant.)

Address:

Aggregate Warrant Price Paid: $_____

Method of payment:

(Please Print)

Medallion Signature Guarantee (required if an assignment of Warrant Shares acquired on exercise is made upon exercise.)

EXHIBIT B

FORM OF ASSIGNMENT

(To be executed by the registered holder hereof)

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the assignee named below all the rights of the undersigned under this Warrant with respect to the number of shares of Common Stock covered thereby set forth below to:

<TABLE>
<CAPTION>

<S>	<C>	<C>
NAME OF ASSIGNEE	ADDRESS	Number of Shares of Common STOCK

</TABLE>

and hereby irrevocably constitutes and appoints _____ as agent and attorney-in-fact to transfer such portion of said Warrant on the books of the Company, with full power of substitution in the premises.

References in this Notice to "Common Stock" shall include other securities or other property to the extent included in Warrant Shares.

Dated:

(Signature of Registered Holder)

Name of Registered Holder
(Please Print)

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") dated as of July 26, 2001, is entered into by and between AutoTradeCenter.com Inc., an Arizona corporation having a principal place of business at 15170 North Hayden Road, Suite 5, Scottsdale, Arizona 85260 (the "Company"), and Eagle Capital Group, LLC, an Arizona limited liability company having a principal place of business at 2425 East Camelback, Suite 100, Phoenix, Arizona 85016 (the "Investor").

RECITALS

A. Concurrently herewith the Company issued to the Investor a Multiple Advance Credit Note (the "Note") pursuant to the terms and conditions of that certain Loan and Stock Purchase Agreement of even date herewith (the "Loan Agreement").

B. Pursuant to the Loan Agreement, the Company has sold to the Investor, and the Investor has purchased from the Company, One Thousand Three Hundred (1,300) shares of the Company's Series E Redeemable Preferred Stock (the "Series E Preferred").

C. Concurrently herewith the Company has issued to the Investor five-year warrants to purchase shares of its common stock, at an exercise price of $0.125 per share, upon the terms and conditions of the funding warrant of even date herewith (the "Funding Warrant").

D. Concurrently herewith, the Company has issued to the Investor ninety-day warrants to purchase shares of its common stock, at an exercise price of $0.10 per share, upon the terms and conditions of the repayment warrant of even date herewith (the "Repayment Warrant");

E. Pursuant to the Loan Agreement, the Company may in the future issue to the Investor 1,500,000 shares of its common stock upon certain terms and conditions of the Loan Agreement (the "Prepayment Shares");

F. The Company and the Investor desire to enter into an agreement granting the Investor certain rights in connection with Investor's investment in the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1

DEFINITIONS; REGISTRATION RIGHTS; LOCK-UP AGREEMENT

1.1 CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the following respective meanings:

"Commission" shall mean the Securities and Exchange Commission, or any

other federal agency at the time administering the Securities Act.

"Common Stock" shall mean the common stock, no par value, of the Company.

"Conversion Shares" shall mean shares of Common Stock issued or issuable upon conversion of the Note.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with SECTION 1.13 hereof.

"Register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, as defined below, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Securities" shall mean (i) the Conversion Shares, (ii) the Warrant Shares, (iii) the Prepayment Shares, and (iii) shares of Common Stock issued or issuable with respect to the Conversion Shares, the Warrant Shares, and the Prepayment Shares upon an adjustment for stock splits, stock dividends, and similar events.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Warrant Shares" shall mean the Common Stock issuable upon exercise of the Funding Warrant or the Repayment Warrant.

1.2 REQUIRED REGISTRATION.

(a) At any time following the date hereof, the Holders of the Registrable Securities may request the Company to register under the Securities Act all or any portion of the shares of Registrable Securities held by such requesting Holder or Holders for sale in the manner specified in such notice within 60 days of such notice; PROVIDED, HOWEVER, that the Company may, by notice to the requesting holders, delay such requested registration if the Company's Board of Directors determines in good faith that such registration at the time requested would have a material adverse effect upon the Company; PROVIDED, FURTHER, however, that the Company's ability to delay such registration shall be limited to durations of no longer than sixty (60) days and the Company shall not delay more than once during any twelve (12) month period.

The Company shall not be obligated pursuant to this SECTION 1.2 to effectuate more than: five (5) registrations for the benefit of the Holders set forth in SECTION 1.2(A) above. In addition, the aggregate offering price of the Registrable Securities to be sold pursuant to each such registration shall be at least one hundred thousand dollars ($100,000). Notwithstanding anything to the contrary contained herein, no request may be made under this SECTION 1.2:

(i) within one hundred eighty (180) days after the effective date of a registration statement filed by the Company covering a firm commitment underwritten public offering of securities of the Company under the Securities Act, or

(ii) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date one hundred eighty (180) days immediately following the effective date of any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), PROVIDED THAT the Company is actively employing in good faith its best efforts to cause such registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith.

(b) Following receipt of any notice pursuant to SECTION 1.2(A), the Company shall promptly notify all Holders and transferees from whom such notice has not been received and, as soon thereafter as practicable, shall use its best efforts to register under the Securities Act, for public sale in accordance with the method of disposition specified in such notice from requesting Holders, the number of shares of Registrable Securities specified in such notice (and in all notices received by the Company from other Holders within twenty (20) days after the giving of such notice by the Company). If such method of disposition shall be an underwritten public offering, the Company shall designate the managing underwriter of such offering, following consultation and subject to the approval of the Holders from whom notice has been received, which approval shall not be unreasonably withheld or delayed. All sellers must participate in the underwriting. The Company's registration obligation hereunder shall be deemed satisfied only when a registration statement or statements covering all shares of Registrable Securities specified in notices received as aforesaid, for sale in accordance with the method of disposition specified by the requesting Holders, shall have become effective and, if such method of disposition is a firm commitment underwritten public offering, all such shares shall have been sold pursuant thereto.

(c) The Company shall be entitled to include in any registration statement referred to in this SECTION 1.2, for sale in accordance with the method of disposition specified by the requesting Holders, shares of Common Stock to be sold by the Company for its own account and for the account of other selling shareholders, except as and to the extent that, in the reasonable opinion of the managing underwriter (if such method of disposition shall be an underwritten public offering), such inclusion would materially adversely affect the marketing of the Registrable Securities to be sold.

(d) The Company will use commercially reasonable efforts to maintain the effectiveness of any form used to register the shares pursuant to this SECTION 1.2 for up to one hundred eighty (180) days or such earlier time as all of the Registrable Securities have been sold.

1.3 COMPANY REGISTRATION.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for shareholders other than the Holders of the Registrable Securities) any of its stock or other securities under the Securities Act in connection with the public offering of such securities (other than a registration relating solely

to the sale of securities to participants in a Company stock plan, a registration relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the

Company shall, at such time, promptly give each Holder of Registrable Securities written notice of such registration. Upon the written request of each Holder of Registrable Securities given within twenty (20) days after mailing of such notice by the Company in accordance with SECTION 3.5, the Company shall, subject to the provisions of SECTION 1.3(C), use its best efforts to cause to be registered under the Securities Act all of the Registrable Securities that each such Holder has requested to be registered.

(b) RIGHT TO TERMINATE REGISTRATION. The Company shall have the right to terminate or withdraw any registration initiated by it under this SECTION 1.3 prior to the effectiveness of such registration whether or not any Holder of Registrable Securities has elected to include securities in such registration. The expenses of such withdraw registration shall be borne by the Company in accordance with SECTION 1.7.

(c) UNDERWRITING REQUIREMENTS. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under this SECTION 1.3 to include any of the securities held by Holders of Registrable Securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling Holders according to the total amount of securities entitled to be included therein owned by each selling Holder or in such other proportions as shall be mutually agreed to by such selling Holders), but in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, or (ii) notwithstanding (i) above, any shares being sold by a shareholder exercising a demand registration right pursuant to SECTION 1.2 be excluded from such offering. For the purposes of the preceding parenthetical concerning apportionment, for any selling shareholder that is a Holder of Registrable Securities and that is a partnership, limited liability company, or corporation, the partners, retired partners, managers, members, and shareholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals.

1.4 FORM S-3 REGISTRATION. In case the Company shall receive from any Holder of Registrable Securities a written request that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) as soon as practicable, use its best efforts to effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; PROVIDED, HOWEVER, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this SECTION 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders of Registrable Securities, together with the Holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than one hundred thousand dollars ($100,000);

(iii) if within thirty (30) days of receipt of a written request from any Holder pursuant to this SECTION 1.4, the Company gives notice to such Holder or Holders of the Company's intention to make a public offering within the next sixty (60) days;

(iv) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board of Directors of the Company, or if there be none, by the Chief Executive Officer, stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this SECTION 1.4; PROVIDED, THAT such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period;

(v) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 requested by the Holders of Registrable Securities pursuant to this SECTION 1.4; or

(vi) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this SECTION 1.4 shall not be counted as demands for registration or registrations effected pursuant to SECTION 1.2.

1.5 LIMITATION ON REGISTRATION REQUEST. Notwithstanding any other provision of this Agreement, the right of a Holder of Registrable Securities to request registration of the same by the Company pursuant to SECTIONS 1.2, 1.3, or 1.4 hereof shall not apply when either (a) all of the Registrable Securities may be sold in compliance with the volume and other restrictions set forth in Rule 144 of the Securities Act within a single three (3) month period, or (b) all of the Registrable Securities may be sold in compliance with Rule 144(k).

1.6 REGISTRATION PROCEDURES. If and whenever the Company is required by the provisions of SECTIONS 1.2, 1.3, and 1.4 to use its best efforts to effect the registration of any shares of Registrable Securities under the Securities Act, the Company will, at its cost and expense (including, without limitation, payment of the costs and expenses described in SECTION 1.7), as expeditiously as reasonably practicable:

(a) prepare and file with the Commission a registration statement (which, in the case of an underwritten public offering pursuant to SECTION 1.2, shall be on Form S-1 or other form of general applicability satisfactory to the managing underwriter selected as therein provided) with respect to such securities and use its best efforts to cause such registration statement to become and remain effective for the period of the distribution contemplated thereby (determined as hereinafter provided);

(b) prepare and file as expeditiously as practicable with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period specified in SECTION 1.6(A) above and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement in accordance with the sellers' intended method of disposition set forth in such registration statement for such period;

(c) furnish to each seller of Registrable Securities and to each underwriter such number of copies of the registration statement and the prospectus included therein (including each preliminary prospectus) as such persons reasonably may request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such registration statement;

(d) use its best efforts to register or qualify the Registrable Securities covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as the sellers of Registrable Securities or, in the case of an underwritten public offering, the managing underwriter reasonably shall request, PROVIDED, HOWEVER, that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(e) immediately notify each seller of Registrable Securities and each underwriter under such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. The sellers of Registrable Securities agree upon receipt of such notice forthwith to cease making offers and sales of Registrable Securities pursuant to such registration statement or deliveries of the prospectus contained therein for any purpose until the Company has prepared and furnished such amendment or supplement to the prospectus as may be necessary so that, as thereafter delivered to purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(f) notify each seller of Registrable Securities under such registration statement of (i) the effectiveness of such registration statement,

(ii) the filing of any post-effective amendments to such registration statement, or (iii) the filing of a supplement to such registration statement;

(g) cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(i) if the distribution is an underwritten offering, at the request of any seller of Registrable Securities, use its best efforts to furnish on the date that Registrable Securities are delivered to the underwriters for sale pursuant to such registration: (i) an opinion (dated such date) of counsel representing the Company for the purposes of such registration, addressed to the sellers and the underwriters, and in customary form; and (ii) a letter (dated such date) from the independent public accountants retained by the Company, addressed to the sellers and the underwriters and covering such matters with respect to such registration as such underwriters reasonably may request; and

(j) make available for inspection upon reasonable notice during the Company's regular business hours by each seller of Registrable Shares, any underwriter participating in any distribution pursuant to such registration statement, and any attorney, accountant, or other agent retained by such seller or underwriter, all material financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers and directors to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent in connection with such registration statement.

For purposes of SECTIONS 1.6(A), 1.6(B), and 1.6(C), the period of distribution of Registrable Securities in a firm commitment underwritten public offering shall be deemed to

extend until each underwriter has completed the distribution of all securities purchased by it, and the period of distribution of Registrable Securities in any other registration shall be deemed to extend until the earlier of (i) the sale of all Registrable Securities covered thereby or (ii) one hundred eighty (180) days after the effective date thereof, with reasonable extensions to be granted for suspensions thereof.

In connection with each registration pursuant to SECTION 1.2 covering an underwritten public offering, the Company and each seller agree to enter into a written agreement with the managing underwriter selected in the manner herein provided in such form and containing such provisions as are customary in the securities business for such an arrangement between such underwriter and companies of the Company's size and investment stature.

1.7 EXPENSES OF REGISTRATION. All expenses incurred by the Company in complying with SECTIONS 1.2, 1.3, and 1.4, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, one (1) special counsel to the Holders of Registrable Securities and independent public accountants for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, transfer taxes, and the fees of transfer agents and registrars, are called "Registration Expenses." All underwriting discounts and selling commissions applicable to the sale of Registrable Securities are called "Selling Expenses."

The Company will pay all Registration Expenses in connection with the registration statement under SECTIONS 1.2, 1.3, and 1.4. The Company shall not, however, be required to pay for the Registration Expenses of any registration proceeding begun pursuant to SECTION 1.2, 1.3, or 1.4, the request for which is subsequently withdrawn by the requesting Holders of Registrable Securities, in which event the Registration Expenses shall be borne by the requesting Holders of the Registrable Securities in proportion to the number of shares for which registration was requested. All Selling Expenses in connection with each registration statement under SECTION 1.2, 1.3, or 1.4 shall be borne by the participating sellers in proportion to the number of shares sold by each, or by such participating sellers other than the Company (except to the extent the Company shall be a seller) as they may agree.

1.8 INFORMATION BY HOLDER. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders of Registrable Securities, the Registrable Securities held by them and the distribution proposed by such Holder or Holders of Registrable Securities as the Company may reasonably request in writing and as shall be required in connection with any registration (including any amendment to a registration statement or prospectus), qualification, or compliance.

1.9 INDEMNIFICATION AND CONTRIBUTION.

(a) In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to SECTION 1.2, 1.3, or 1.4, the Company will indemnify and hold harmless each seller of such Registrable Securities thereunder, each underwriter of such Registrable Securities thereunder and each other person, if any, who controls such seller or underwriter within the meaning of Section 15 of the Securities Act, from and against any losses,

claims, damages, or liabilities, joint or several, to which such seller, underwriter, or controlling person may become subject under the Securities Act or under any other statute or at common law or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or any violations of applicable law relating to such registration, and will pay the legal fees and other expenses of each such seller, each such underwriter, and each such controlling person incurred by them in connection with investigating or defending any action, whether or not resulting in any liability, insofar as such loss, claim, damage, liability, or action results from the foregoing; PROVIDED, HOWEVER, that the Company will not be liable to a seller, underwriter, or controlling person in any such case if and to the extent that any such loss, claim, damage, or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in reliance upon and in conformity with information furnished in writing by any such seller, any such underwriter or any such controlling person specifically for use in such registration statement or prospectus; and, PROVIDED, FURTHER, however, that the Company will not be liable to a Holder in any such case to the extent that any such loss, claim, damage, liability, or action arises out of or is based upon an untrue or alleged untrue statement or omission or an alleged omission made in any preliminary prospectus or final prospectus if (1) such Holder failed to send

or deliver a copy of the final prospectus or prospectus supplement with or prior to the delivery of written confirmation of the sale of the Registrable Securities, and (2) the final prospectus or prospectus supplement would have corrected such untrue statement or omission.

(b) In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to SECTION 1.2, 1.3, or 1.4, each seller of such Registrable Securities thereunder, severally and not jointly, will indemnify and hold harmless the Company, each person, if any, who controls the Company within the meaning of the Securities Act, each officer of the Company who signs the registration statement, each director of the Company, each underwriter, and each person who controls any underwriter within the meaning of the Securities Act, against all losses, claims, damages, or liabilities, joint or several, to which the Company or such officer, director, underwriter, or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which such Registrable Securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will pay the legal fees and other expenses of the Company and each such officer, director, underwriter, and controlling person incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; PROVIDED, HOWEVER, that such seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage, or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished in writing to the Company

by such seller specifically for use in such registration statement or prospectus; and PROVIDED, FURTHER, however, that the liability of each seller hereunder shall be limited to the amount of net proceeds received by such seller in connection with such registration.

(c) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability that it may have to such indemnified party under this SECTION 1.9 except and only to the extent the indemnifying party is prejudiced by such omission. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this SECTION 1.9 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof; PROVIDED, HOWEVER, that, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded (based on the advice of counsel) that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select a separate counsel and to assume such legal defenses and

otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel as required by the local rules of such jurisdiction) at any time for all such indemnified parties.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any Holder of Registrable Securities exercising rights under this Agreement, or any controlling person of any such Holder, makes a claim for indemnification pursuant to this SECTION 1.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this SECTION 1.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any such selling Holder or any such controlling person in circumstances for which indemnification is provided under this SECTION 1.9; then, and in each such case, the Company and each such Holder will contribute to the aggregate losses, claims, damages, or liabilities to which they may be subject (after contribution from others) in such proportion as may be reasonable taking into account such matters as (i) their relative fault as to the matters giving rise to such losses, claims, damages, or liabilities and (ii) their relative ability or opportunity to have avoided such losses, claims, damages, or liabilities; PROVIDED, HOWEVER, that, in any such case, no person or entity guilty of

fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action, suit, or proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

1.10 CHANGES IN COMMON STOCK. If, and as often as, there is any change in the Common Stock by way of a stock split, stock dividend, combination, or reclassification, or through a merger, consolidation, reorganization, or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions hereof so that the rights and privileges granted hereby shall continue with respect to the Common Stock as so changed.

1.11 RULE 144 REPORTING. With a view to making available the benefits of certain rules and regulations of the Commission that may at any time permit the resale of the Registrable Shares without registration, for so long as the Company has a class of securities registered under Section 12 of the Exchange Act, the Company will at all times use its best efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to each Holder of Registrable Securities, forthwith upon request, (i) a written statement by the Company as to its compliance with the reporting requirements of such Rule 144 and of the Securities Act and the Exchange Act or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, (iii) such other reports and documents so filed by the Company as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any Registrable Securities without registration, and (iv) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission that permits the selling of any such securities without registration or pursuant to such form.

1.12 ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this SECTION 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (i) is a subsidiary, parent, affiliate, general partner, limited partner, retired partner, member or retired member or

shareholder of a Holder, (ii) is a Holder's family member or trust for the benefit of an individual Holder, or (iii) after such assignment or transfer, holds at least twenty thousand (20,000) shares of Registrable Securities (as adjusted for stock splits, stock dividends, combinations, and other recapitalizations), PROVIDED: (a) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned, and (b) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

SECTION 2

MISCELLANEOUS

2.1 SUCCESSORS AND ASSIGNS. All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, whether so expressed or not; PROVIDED, HOWEVER, that the rights conferred in this Agreement on the Holders shall only inure to the benefit of a transferee of Registrable Securities if: (a) such transfer may be effected in accordance with applicable securities laws; and (b) such transferee has agreed in writing to be bound by the terms of this Agreement.

2.2 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona for all purposes and in all respects, without giving effect to the conflict of law provisions thereof.

2.3 JURISDICTION AND VENUE. Company hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Company or the Holders involving any alleged breach or failure by any party to pay, perform, or observe any sums, obligations, or covenants to be paid, performed, or observed by it under this Agreement, or involving any other claims or allegations arising out of the transactions evidenced or contemplated by this

Agreement, regardless of whether such actions or proceedings shall be for damages, specific performance, or declaratory relief or otherwise, such actions, in the sole and absolute discretion of the Holder, shall be brought in Maricopa County, Arizona; and Company hereby submits to the jurisdiction of the State of Arizona for such purposes and agrees that the venue of such actions or proceedings shall properly lie in Maricopa County, Arizona; and Company hereby waives any and all defenses to such jurisdiction and venue.

2.4 INTEGRATION; AMENDMENT. This Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof, and supersede any previous agreement or understanding between or among the parties with respect to such subjects. No party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein. Except as expressly provided herein neither this Agreement nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge, or termination is sought; PROVIDED, HOWEVER, that with the written consent of the Company and Holders of at least a majority of the Registrable Securities that are outstanding (including, for these purposes, Conversion Shares and Warrant Shares) may waive, modify, or

amend, on behalf of all parties hereto, any provisions of this Agreement and such waiver, modification, or amendment may be given or withheld for any reason or no reason in the sole discretion of any party. Any amendments, waivers, discharges, or terminations of this Agreement effected in accordance herewith shall be binding upon all parties hereto, including those not signing such amendment, waiver, discharge, or termination. The Company shall not grant additional registration rights other than by amending this Agreement pursuant to this section.

2.5 NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, on the date of transmittal of services via telecopy to the party to whom notice is to be given (with a confirming copy being delivered within 24 hours thereafter), or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or via overnight courier providing a receipt and properly addressed as set forth above. Any party may change its address for purposes of this paragraph by giving notice of the new address to each of the other parties in the manner set forth above.

2.6 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

2.7 SEVERABILITY. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision; PROVIDED THAT no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

2.8 ATTORNEYS' FEES. In the event any suit or other legal proceeding is brought for the enforcement of any of the provisions of this Agreement, the parties hereto agree that the prevailing party or parties shall be entitled to recover from the other party or parties upon final judgment on the merits reasonable attorneys' fees (and sales taxes thereon, if any), including

attorneys' fees for any appeal, and costs incurred in bringing such suit or proceeding.

2.9 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company and the Investor have executed this Agreement under seal as of the date first above written.

AUTOTRADECENTER.COM INC., an
Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: PRESIDENT

EAGLE CAPITAL GROUP, LLC, an
Arizona limited liability company

By: /s/ NEIL ELSEY

Name: NEIL ELSEY

Its: MANAGING MEMBER

MULTIPLE ADVANCE CREDIT NOTE

U.S. $1,300,000.00 July 26, 2001

FOR VALUE RECEIVED, AutoTradeCenter.com Inc., an Arizona corporation ("Borrower"), hereby promises to pay to the order of Eagle Capital Group, LLC, an Arizona limited liability company ("Lender"), at the office of Lender located at 2425 East Camelback Road, Suite 100, Phoenix, Arizona 85016, the principal amount of $1,300,000.00, or such lesser principal amount as from time to time shall be outstanding hereunder, as reflected in the books and records of Lender, together with interest on the principal balance from time to time outstanding hereunder, from (and including) the date of disbursement until

(but not including) the date of payment, to be computed at the interest rate, and on the dates, set forth in the Loan and Stock Purchase Agreement, of even date herewith, executed by Borrower and Lender (the "Loan Agreement"). Advances evidenced by this Note shall be made in accordance with the Loan Agreement. All capitalized terms not otherwise defined in this Note shall have the meaning assigned thereto in the Loan Agreement.

1. PAYMENTS. The principal indebtedness evidenced hereby shall be payable in accordance with the terms of the Loan Agreement. Interest shall be payable with respect to the principal indebtedness evidenced hereby at the rate and in the manner set forth in the Loan Agreement.

2. DEFAULT. Upon the occurrence of an Event of Default, the entire principal balance outstanding hereunder, together with all accrued interest and other amounts payable hereunder, and under the Loan Agreement and the Related Documents, at the election of Lender, shall become immediately due and payable, without any notice to Borrower. In the case of any Event of Default of the type described in SECTION 11.1 of the Loan Agreement, such acceleration shall be automatic and not optional.

3. WAIVERS. Except as set forth in this Note or the Loan Documents, to the extent permitted by applicable law, Borrower, and each person who is or may become liable hereunder, severally waive and agree not to assert: (a) any homestead or exemption rights; (b) demand, diligence, grace, presentment for payment, protest, notice of nonpayment, nonperformance, extension, dishonor, maturity, protest, and default; and (c) recourse to guaranty or suretyship defenses (including, without limitation, the right to require the Lender to bring an action on this Note). Lender may extend the time for payment of or renew this Note, release collateral as security for the indebtedness evidenced hereby or release any party from liability hereunder, and any such extension, renewal, release, or other indulgence shall not alter or diminish the liability of Borrower or any other person or entity who is or may become liable on this Note except to the extent expressly set forth in a writing evidencing or constituting such extension, renewal, release, or other indulgence.

4. NO WAIVER BY LENDER. No delay or failure of Lender in exercising any right hereunder shall affect such right, nor shall any single or partial exercise of any right preclude further exercise thereof.

5. GOVERNING LAW. This Note shall be construed in accordance with and governed by the laws of the State of Arizona, without regard to the choice of law rules of the State of Arizona.

6. TIME OF ESSENCE. Time is of the essence of this Note and each and every provision hereof.

7. AMENDMENTS. No amendment, modification, change, waiver, release, or discharge hereof and hereunder shall be effective unless evidenced by an instrument in writing and signed by the party against whom enforcement is sought.

8. SEVERABILITY. If any provision hereof is invalid or unenforceable, the other provisions hereof shall remain in full force and effect and shall be liberally construed in favor of Lender in order to effectuate the other provisions hereof.

9. BINDING NATURE. The provisions of this Note shall be binding upon Borrower and the heirs, personal representatives, successors, and assigns of Borrower, and shall inure to the benefit of Lender and any subsequent holder of all or any portion of this Note, and their respective successors and assigns. Lender may from time to time transfer all or any part of its interest in this Note and the Loan Documents without notice to Borrower.

10. SECTION HEADINGS. The section headings set forth in this Note are for convenience only and shall not have substantive meaning hereunder or be deemed part of this Note.

11. CONSTRUCTION. This Note shall be construed as a whole, in accordance with its fair meaning, and without regard to or taking into account any presumption or other rule of law requiring construction against the party preparing this Note. In the event of any conflict or inconsistency between the provision of this Note and the provisions of the Loan Agreement, the Loan Agreement shall control.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first set forth above.

"BORROWER"

AUTOTRADECENTER.COM INC., an Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: PRESIDENT

Address of Borrower:

15170 North Hayden Road
Suite 5
Scottsdale, Arizona 85260

SECURITY AND STOCK PLEDGE AGREEMENT

THIS SECURITY AND STOCK PLEDGE AGREEMENT (this "Agreement") is made and entered into as of July 26, 2001, by and between AutoTradeCenter.com Inc., an Arizona corporation ("ATC"), formerly known as Auto Network Group, Inc. and Auto Network Group USA, Inc., and each and every one of ATC's subsidiaries and affiliates including BusinessTradeCenter.com Inc., (all of the foregoing collectively referred to hereafter as "Borrower"), whose chief executive office is located at 15170 N. Hayden Road, Suite 5, Scottsdale, Arizona 85260, and Eagle Capital Group, L.L.C. and its subsidiaries and affiliates, ("Lender"), whose address is 2425 E. Camelback Road, Suite 100, Phoenix, Arizona, 85016. The term "affiliate(s)" as used herein shall mean any entity in which either Borrower or Eagle (or Eagle's members) directly or indirectly owns, holds, or controls, with power to vote, twenty percent or more of the outstanding equity or voting securities, other than an entity holding such securities solely in a fiduciary capacity or solely as security for a debt.

1. GRANT OF SECURITY INTEREST

Borrower hereby grants to Lender a security interest (the "Security Interest") in all cash, personal property, furniture, fixtures, equipment, leasehold, intangibles, and intellectual property of Borrower, whether now owned

or existing or hereafter acquired or arising and wherever located (collectively, the "Collateral"), described more particularly as follows:

(a) all cash, accounts, accounts receivable, contract rights (including, without limitation, all rights under all past and present contracts with NETCHEMISTRY and excluding any contract right that requires the consent of any third party to transfer), rights to payment in any form, chattel paper, leases, instruments, notes, documents of title, deposit accounts, bank accounts, certificates of deposit, causes of action, and general intangibles, including payment intangibles and intellectual property, including foreign and domestic copyrights, copyright applications, copyrightable material of any kind or nature, software and source codes (whether registered or not), registered trademarks, trademark applications, non-registered trademarks, trade names, trade dress, patent, patent applications, or any other item of like or similar nature, now owned or hereafter acquired by Borrower, whether or not formally perfected, registered, filed, or otherwise with any state, federal, or foreign agency or department, including all common-law rights related to any of the foregoing;

(b) all inventory, including, without limitation, raw materials, work-in-process, or materials used or consumed in the business of Borrower, whether in the possession of Borrower, warehouseman, bailee, or any other person or entity;

(c) all machinery, furniture, fixtures, and equipment;

(d) all documents, including negotiable and nonnegotiable documents of title;

(e) all investment property, monies, securities, or other property, including but not limited to all shares of stock now owned or hereinafter acquired by Borrower of its wholly owned subsidiaries (the "Stock");

(f) all letter-of-credit rights or other supporting obligations;

(g) any and all rights Borrower may have as beneficiary of escrow agreements or any other contractual arrangement whereby assets are held by a third party for the benefit of Borrower;

(h) all rights under contracts of insurance covering any of the above-described property;

(i) all attachments, accessions, tools, parts, supplies, increases and additions to and all replacements of, and substitutions for any of the above-described property;

(j) all products of any of the above-described property now existing or hereafter acquired;

(k) all proceeds of any of the above-described property now existing or hereafter acquired; and

(l) all books and records pertaining to any of the above-described property, including, without limitation, any computer readable memory and any computer hardware or software necessary to process such memory (collectively, the "Books and Records").

2. SECURED OBLIGATIONS

The Collateral shall secure, in such order of priority as Lender may elect, the following (collectively, the "Secured Obligations"):

(a) payment and performance of all obligations of Borrower under the terms of the Loan and Stock Purchase Agreement, of even date herewith, by and between Borrower and Lender (the "Loan Agreement"), together with all extensions, modifications, substitutions, or renewals thereof, or other advances made thereunder;

(b) payment and performance of all obligations of Borrower under the terms of the Multiple Advance Credit Note, of even date herewith (the "Note"), in the stated principal amount of $1,300,000.00, executed by Borrower in favor of Lender, together with all extensions, modifications, substitutions, or renewals thereof, or other advances made thereunder;

(c) payment and performance of every obligation, covenant, and agreement of Borrower contained in this Agreement, together with all extensions, modifications, substitutions, or renewals hereof; and

(d) payment and performance of every other obligation of Borrower, now existing or hereafter arising in the future, owed to Eagle, and/or any affiliates and/or (d) subsidiaries, including but not limited to any obligation arising under the Facilities Use and Administration Agreement between

United Administration, Inc. and Borrower and any obligation that may arise between Eagle or an affiliate, and Borrower as the result of Eagle's or an affiliate's guarantee of any obligation owed by Borrower.

3. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower hereby represents and warrants to Lender that:

3.1 USE. The Collateral is or will be used or produced primarily for business purpose of Borrower.

3.2 BUSINESS NAMES. Borrower does not do business under any other name and any and all assets used in Borrower's business are owned by either AutoTradeCenter.com, Inc. or BusinessTradeCenter.com, Inc. No other subsidiary or affiliate of Borrower owns any material assets or generates any material revenue or otherwise has any material interest in any Collateral.

3.3 OTHER AGREEMENTS. The execution, delivery, and performance by Borrower of this Agreement and all other documents and instruments relating to the Secured Obligations will not result in any breach of the terms and conditions or constitute a default under any agreement or instrument under which Borrower is a party or is obligated. Borrower is not in default in the performance or observance of any covenants, conditions, or provisions of any such agreement or instrument.

3.4 PRIORITY. The Security Interest in the Collateral granted to Lender constitutes, and hereafter will constitute, a security interest in all of Borrower's assets, rights, and property of first priority.

3.5 TITLE. Borrower is the owner of, and has good title to, the Collateral free of all security interests or other encumbrances except the Approved Liens (as defined in the Loan Agreement) and the Security Interest, and no financing statement covering the Collateral is filed or recorded in any public office except with respect to Approved Liens. Borrower is the only entity that is a party to any and all contracts with NETCHEMISTRY and Borrower has all rights to the Work Product, software, source codes, and any other intellectual property developed by NETCHEMISTRY pursuant to the terms of such contracts.

3.6 AUTHORITY. Borrower has the full power, authority, and legal right

to grant to Lender the Security Interest, and no further consent, authorization, approval, or other action is required for the grant of the Security Interest or for Lender's exercise of its rights and remedies under this Agreement, except as may be required in connection with the sale of the Collateral by Lender by the laws affecting the offering and sale of securities.

3.7 CHIEF EXECUTIVE OFFICE. The address of Borrower set forth in the preamble of this Agreement is the chief executive office of Borrower.

4. COVENANTS OF BORROWER

4.1 TRANSFERS. Borrower shall not sell, transfer, assign, or otherwise dispose of any Collateral or any interest therein without obtaining the prior written consent of Lender and shall keep the Collateral free of all security interests or other encumbrances except the Security Interest and any Approved Liens. Although proceeds of Collateral are covered by this Agreement, this shall not be construed to mean that Lender consents to any sale or other transfers of the Collateral.

4.2 MAINTENANCE. Borrower shall keep and maintain the Collateral in good condition and repair and shall not use the Collateral in violation of any provision of this Agreement or any applicable statute, ordinance, regulation, or any policy of insurance insuring the Collateral.

4.3 PAYMENTS OF CHARGES. Borrower shall pay when due all taxes, assessments, and other charges which may be levied or assessed against the Collateral.

4.4 FIXTURES AND ACCESSIONS. Borrower shall prevent any portion of the Collateral that is not a fixture from being or becoming a fixture and shall prevent any portion of the Collateral from being or becoming an accession to other goods that are not part of the Collateral.

4.5 MOTOR VEHICLES. If the Collateral includes motor vehicles, Borrower shall keep all titled vehicles properly registered and licensed, shall provide Lender with the license numbers of all titled vehicles, shall cause the Security Interest to be shown as a valid lien on the Certificate of Title for all titled vehicles and shall deliver lien filing receipts to Lender as evidence thereof.

4.6 POSSESSION BY LENDER. Borrower, upon demand, shall promptly deliver to Lender all instruments, documents, and chattel paper included in the Collateral. Borrower, without Lender's prior written consent, shall not make or agree to make any alteration, modification, or cancellation of, or substitution for, or credit, adjustment, or allowance on, any Collateral.

4.7 NOTICE TO LENDER. Borrower shall give Lender 45 days' prior written notice of any change: (i) in the location of its chief executive office; or (ii) of the names under which it does business.

4.8 INSPECTIONS. Lender or its agents may inspect the Collateral at reasonable times and may enter into any premises where the Collateral is or may be located. Borrower shall keep the Books and Records in accordance with generally accepted accounting principles, to the extent applicable. Lender shall have free and complete access to the Books and Records and shall, at Lender's expense, have the right to make extracts therefrom or copies thereof. Upon the request of Lender from time to time, Borrower shall submit up-to-date schedules of the accounts receivable comprising the Collateral in such detail as Lender may require and shall deliver to Lender confirming specific assignments of all accounts, instruments, documents, and chattel paper included in such accounts

receivable. After the occurrence of any Event of Default (as defined below), upon the request of Lender, Borrower shall submit up-to-date schedules of inventory comprising the Collateral in such detail as Lender may require.

4.9 DEFENSE OF COLLATERAL. Borrower, at its cost and expense, shall protect and defend this Agreement, all of the rights of Lender hereunder, and the Collateral against all claims and demands of other parties. Borrower shall pay all claims and charges that in the opinion of Lender might

prejudice, imperil, or otherwise affect the Collateral or the Security Interest. Borrower shall, within 24 hours, notify Lender of any levy, distraint, or other seizure by legal process or otherwise of any part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair the terms of this Agreement.

4.10 PERFECTION OF SECURITY INTEREST. The Security Interest, at all times, shall be perfected and except for any Approved Liens shall be prior to any other interests in the Collateral. Borrower shall act and perform as necessary and shall execute and file all security agreements, financing statements, continuation statements, and other documents requested by Lender to establish, maintain, and continue the perfected Security Interest. In order to allow Lender to perfect its security interest in the Collateral, Borrower hereby authorizes Lender to file initial financing statement(s) with respect to this security interest and to file such amendments, continuations, and other documents necessary to perfect and maintain Lender's security interest in the Collateral. Borrower hereby authorizes Lender to sign any such financing statements, continuations, amendments, or other documents on behalf of Borrower and Borrower will take all actions and execute and deliver all financing statements and other documents requested by Lender from time to time in order to perfect and maintain such security interest. For purpose of allowing Lender to give notice as required under the Uniform Commercial Code to the holder(s) of any conflicting security interest(s) in the Collateral, Borrower hereby represents and warrants that the following secured party or secured parties (including address(es)) have a conflicting security interest in the Collateral: R. GARY MCCAULEY, 1202 E. MISSOURI, PHOENIX, ARIZONA, 85014. For purposes of filing the financing statement(s) necessary to perfect Lender's security interest in the Collateral, Borrower represents and warrants as follows: (a) Borrower is incorporated in (or was otherwise organized in) the state of Arizona; (b) Borrower's chief executive offices are located at the address listed in the opening paragraph of this Agreement; and (c) the Collateral will be located at the following location(s): Arizona and California (servers only). Borrower, on written demand, shall promptly pay all costs and expenses of filing and recording, including, without limitation, the costs of any searches, deemed necessary by Lender from time to time to establish and determine the validity and the continuing priority of the Security Interest.

4.11 PAYMENT OF CHARGES. If Borrower fails to pay any taxes, assessments, expenses, or charges, or fails to keep all of the Collateral free from other security interests, encumbrances, or claims except for Approved Liens, or fails to copyright, register, patent, or otherwise protect the Collateral, or fails to keep the Collateral in good condition and repair, or fails to procure and maintain insurance thereon, or to perform otherwise as required herein, Lender may advance the monies necessary to pay the same, to accomplish such repairs, to procure and maintain such insurance or to so perform. Lender is hereby authorized to enter upon any property in the possession or control of Borrower for such purposes. In addition, Lender may request delivery of the Collateral to Lender in order to protect or perfect Lender's Security Interest as Lender deems necessary, and Borrower shall immediately deliver the Collateral to Lender.

5. COLLATERAL IN THE POSSESSION OF LENDER

5.1 CARE. Lender shall use such reasonable care in handling, preserving, and protecting the Collateral in its possession as it uses in handling similar property for its own account. Lender,

however, shall have no liability for the loss, destruction, or disappearance of any Collateral unless there is affirmative proof of a lack of due care. A lack of due care shall not be implied solely by virtue of any loss, destruction, or disappearance.

5.2 PRESERVATION OF COLLATERAL. Borrower shall be solely responsible for taking any and all actions to preserve rights of Lender. Lender shall not be obligated to take any such actions unless the Collateral is in Lender's possession. Borrower waives presentment and protest with respect to any instrument included in the Collateral on which Borrower is in any way liable and waives notice of any action taken by Lender with respect to any instrument, document, or chattel paper included in any Collateral that is in the possession of Lender.

5.3 CERTIFICATED SECURITIES. With respect to the Stock in certificated form, Borrower hereby: (i) deposits and delivers to Lender stock certificates for all of the Stock accompanied by stock powers in the form of EXHIBIT A attached hereto, duly executed in blank by Borrower; and (ii) assigns and transfers to Lender all of the right, title, and interest of Borrower in and to the Stock and to the certificates or instruments evidencing the Stock to be held by Lender upon the terms and conditions set forth in this Agreement. If Borrower acquires (by purchase, stock dividend, or otherwise), directly or indirectly, any additional Stock in certificated form at any time after the date of this Agreement, Borrower shall immediately pledge and deliver to Lender such certificated Stock, together with related stock powers duly executed in blank by Borrower.

6. EVENTS OF DEFAULT; REMEDIES

6.1 EVENTS OF DEFAULT. The occurrence of any of the following events or conditions shall constitute an "Event of Default":

(a) any failure to pay any principal, interest, fees, or any other part of the Secured Obligations when the same shall become due and payable where such failure is continuing for 5 days after written notice thereof from Lender to Borrower;

(b) Borrower shall breach any covenant or agreement made herein where such breach, to the extent curable, is continuing for 15 days after written notice thereof from Lender to Borrower;

(c) any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower shall prove to have been false or misleading in any material respect when made or furnished;

(d) the occurrence of a Default or an Event of Default under and as defined in the Note, the Loan Agreement, or any of the Related Documents; or

(e) any conduct or action, or notice of intent to initiate conduct or action, by any other creditor or entity to exercise any remedy with respect to the Collateral or take possession of or control of the Collateral.

(f) default in the performance of any obligation owed to R. Gary McCauley which is secured by a lien on the Collateral.

6.2 REMEDIES. Upon the occurrence of any Event of Default, and at any time while such Event of Default is continuing, Lender shall have the following rights and remedies and may do one or more of the following in Lender's sole discretion:

(a) declare all or any part of the Secured Obligations to be immediately due and payable, and the same, with all costs and charges, shall be immediately collectible;

(b) without further notice or demand and without legal process, take possession of the Collateral wherever found and, for this purpose, enter upon any property occupied by or in the control of Borrower. Borrower, upon demand by Lender, shall immediately assemble the Collateral and deliver it to Lender or to a place designated by Lender;

(c) operate the business of Borrower as a going concern, including, without limitation, extend sales or services to new customers and advance funds for such operation. Lender shall not be liable for any depreciation, loss, damage, or injury to the Collateral or other property of Borrower as a result of such action. Borrower hereby waives any claim of trespass or replevin arising as a result of such action;

(d) pursue any legal or equitable remedy available to collect the Secured Obligations, to enforce its title in and right to possession of the Collateral and to enforce any and all other rights or remedies available to it;

(e) upon obtaining possession of the Collateral or any part thereof, after written notice to Borrower as provided in SECTION 6.4 hereof, sell such Collateral at public or private sale either with or without having such Collateral at the place of sale. The proceeds of such sale, after deducting therefrom all expenses of Lender in taking, storing, repairing, and selling the Collateral (including, without limitation, attorneys' fees) shall be applied to the payment of the Secured Obligations, and any surplus thereafter remaining shall be paid to Borrower or any other person that may be legally entitled thereto. In the event of a deficiency between such net proceeds from the sale of the Collateral and the total amount of the Secured Obligations, Borrower, upon demand, shall promptly pay the amount of such deficiency to Lender; and

(f) upon obtaining possession of the Collateral, or any part thereof, accept such Collateral in satisfaction of the Secured Obligations as provided by law.

6.3 PURCHASE OF COLLATERAL. Lender, so far as may be lawful, may purchase all or any part of the Collateral offered at any public or private sale made in the enforcement of Lender's rights and remedies hereunder.

6.4 NOTICE. Any demand or notice of sale, disposition, or other intended action hereunder or in connection herewith, whether required by the UCC or otherwise, shall be deemed to be commercially reasonable and effective if such demand or notice is given to Borrower at least 10 days prior to such sale, disposition, or other intended action, in the manner provided herein for the giving of notices.

6.5 PRIVATE RESALE. Borrower recognizes that as the result of

prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, Lender may be compelled, with respect to any resale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. Borrower acknowledges that any such private resale may be at prices and on terms less favorable to Lender than those obtainable through a public resale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act), and notwithstanding such circumstances, Borrower agrees that any such private resale shall be deemed to be in a commercially reasonable manner and that Lender shall have no obligation to engage in public resales and no obligation to delay the sale of the Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public resale required under the Securities Act or under such applicable state securities laws, even if such issuer would agree to do so.

6.6 SALES IN EXEMPT TRANSACTIONS. From time to time at the written request of Lender, Borrower at its own expense shall furnish or cause to be furnished to Lender all such information as Lender may request in order to determine the number of the shares and instruments included in the Collateral that may be sold by Lender as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are in effect from time to time.

6.7 COSTS AND EXPENSES. Borrower shall pay all costs and expenses of Lender, including, without limitation, costs of uniform commercial code searches, court costs, and attorneys' fees, incurred by Lender in enforcing payment and performance of the Secured Obligations or in exercising the rights and remedies of Lender hereunder. All such costs and expenses shall be secured by this Agreement and by other lien and security documents securing the Secured Obligations. In the event of any court proceedings, court costs, and attorneys' fees shall be set by the court and not by jury and shall be included in any judgment obtained by Lender.

6.8 ADDITIONAL REMEDIES. In addition to any remedies provided herein for an Event of Default, Lender shall have all the rights and remedies afforded a secured party under the UCC and all other legal and equitable remedies allowed under applicable law. No failure on the part of Lender to exercise any of its rights hereunder arising upon any Event of Default shall be construed to prejudice its rights upon the occurrence of any other or subsequent Event of Default. No delay on the part of Lender in exercising any such rights shall be construed to preclude it from the exercise thereof at any time while that Event of Default is continuing. Lender may enforce any one or more rights or remedies hereunder successively or concurrently. By accepting payment or performance of any of the Secured Obligations after its due date, Lender shall not thereby waive the agreement contained herein that time is of the essence, nor shall Lender waive either its right to require prompt payment or performance when due of the remainder of the Secured Obligations or its right to consider the failure to so pay or perform an Event of Default.

7. MISCELLANEOUS PROVISIONS

7.1 INDEMNIFICATION. In addition to the indemnities contained in the Loan Agreement, Borrower agrees to indemnify, defend, protect, and hold harmless Lender, and his successors,

assigns, employees, agents, and attorneys of the foregoing (collectively, the "Indemnified Parties") for, from, and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims,

costs, expenses, and disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnified Parties in connection with any investigative, administrative, or judicial proceeding commenced or threatened, whether or not such Indemnified Parties are designated parties thereto) that may be imposed on, incurred by, or asserted against the Indemnified Parties, in any manner relating to or arising out of this Agreement or the Related Documents.

7.2 OTHER SECURITY. The acceptance of this Agreement by Lender shall not be considered a waiver of or in any way to affect or impair any other security that Lender may have, acquire simultaneously herewith, or hereafter acquire for the payment or performance of the Secured Obligations, nor shall the taking by Lender at any time of any such additional security be construed as a waiver of or in any way to affect or impair the Security Interest. Lender may resort, for the payment or performance of the Secured Obligations, to its several securities therefor in such order and manner as it may determine.

7.3 ACTIONS BY LENDER. Without notice or demand, without affecting the obligations of Borrower hereunder, and without affecting the Security Interest or the priority thereof, Lender, from time to time, may: (i) extend the time for payment of all or any part of the Secured Obligations, accept a renewal note therefor, reduce the payments thereon, release any person liable for all or any part thereof, or otherwise change the terms of all or any part of the Secured Obligations; (ii) take and hold other security for the payment or performance of the Secured Obligations and enforce, exchange, substitute, subordinate, waive, or release any such security; (iii) join in any extension or subordination agreement; or (iv) release any part of the Collateral from the Security Interest.

7.4 WAIVERS. Borrower waives and agrees not to assert: (i) any right to require Lender to proceed against or exhaust any security for the Secured Obligations, to pursue any other remedy available to Lender, or to pursue any remedy in any particular order or manner; (ii) the benefits of any legal or equitable doctrine or principle of marshalling; (iii) the benefits of any statute of limitations affecting the enforcement hereof; (iv) demand, diligence, presentment for payment, protest and demand, and notice of extension, dishonor, protest, demand, and nonpayment, relating to the Secured Obligations; and (v) any benefit of, and any right to participate in, any other security now or hereafter held by Lender.

7.5 DEFINITIONS. All undefined capitalized terms used herein shall have the meaning given them in the Loan Agreement. Otherwise the terms herein shall have the meanings in and be construed under the UCC.

7.6 GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona, without regard to the choice of law rules of the State of Arizona.

7.7 JURISDICTION AND VENUE. Borrower hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Borrower or Lender involving any alleged breach or failure by any party to pay, perform, or observe any sums, obligations, or covenants to be paid, performed, or observed by it under this Agreement, or involving any other

claims or allegations arising out of the transactions evidenced or contemplated by this Agreement, regardless of whether such actions or proceedings shall be for damages, specific performance, or declaratory relief or otherwise, such actions, in the sole and absolute discretion of Lender, shall be brought in Maricopa County, Arizona; and Borrower hereby submits to the jurisdiction of the State of Arizona for such purposes and agrees that the venue of such actions or

proceedings shall properly lie in Maricopa County, Arizona; and Borrower hereby waives any and all defenses to such jurisdiction and venue.

7.8 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

7.9 ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof, supersede all other prior understandings, oral or written, with respect to the subject matter hereof, and are intended by Lender and Borrower as the final, complete, and exclusive statement of the terms agreed to by them.

7.10 AMENDMENTS. No amendment, modification, change, waiver, release, or discharge hereof and hereunder shall be effective unless evidenced by an instrument in writing and signed by the party against whom enforcement is sought.

7.11 SECTION HEADINGS. The section headings set forth in this Agreement are for convenience only and shall not have substantive meaning hereunder or be deemed part of this Agreement. 7.12 TIME OF ESSENCE. Time is of the essence of this Agreement and each and every provision hereof.

7.13 SEVERABILITY. If any provision hereof is invalid or unenforceable, the other provisions hereof shall remain in full force and effect and shall be liberally construed in favor of Lender in order to effectuate the other provisions hereof.

7.14 BINDING NATURE. This Agreement shall be binding upon Borrower and the heirs, personal representatives, successors, and assigns of Borrower, and shall inure to the benefit of Lender and its successors and assigns.

7.15 TRANSFER AND ASSIGNMENT. Lender may from time to time transfer all or any part of its interest in this Agreement without notice to Borrower.. Borrower shall not transfer (by agreement, operation of law or otherwise) any right or obligation under this Agreement, and any such purported transfer shall be void.

7.16 CONSTRUCTION. This Agreement shall be construed as a whole, in accordance with its fair meaning, and without regard to or taking into account any presumption or other rule of law requiring construction against the party preparing this Agreement.

7.17 CONTINUING AGREEMENT. This is a continuing Agreement which shall remain in full force and effect until actual receipt by Lender of written notice of its revocation as to future transactions and shall remain in full force and effect thereafter until all of the Secured Obligations incurred before the receipt of such notice, and all of the Secured Obligations incurred thereafter under commitments extended by Lender before the receipt of such notice, shall have been paid and performed in full.

7.18 NO SETOFFS BY BORROWER. No setoff or claim that Borrower now has or may in the future have against Lender shall relieve Borrower from paying or performing the Secured Obligations.

7.19 NOTICES. All notices required or permitted to be given hereunder shall be in accordance with provisions of the Loan Agreement.

7.20 COPY. A carbon, photographic, or other reproduced copy of this Agreement and/or any financing statement relating hereto shall be sufficient for

filing and/or recording as a financing statement.

7.21 CONFLICTS. In the event any provision of this Agreement is inconsistent with any provision of the Loan Agreement, the provision of the Loan Agreement shall prevail.

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IN WITNESS WHEREOF, this Agreement was executed by Borrower and Lender as of the date first set forth above.

BORROWER

AUTOTRADECENTER.COM INC., an
Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: PRESIDENT

BUSINESSTRADECENTER.COM, INC., an
Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: ROGER L. BUTTERWICK

Its: SECRETARY

LENDER

EAGLE CAPITAL GROUP, L.L.C. an Arizona
limited liability company

By: /s/ NEIL ELSEY

Name: NEIL ELSEY

Its: MANAGING MEMBER

EXHIBIT A

FORM OF ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers _____ shares of the common stock of _____, a _____ corporation ("Company"), to _____, a _____, which shares are represented by Certificate No(s). ___, standing in the name of the undersigned on the books of Company.

The undersigned hereby irrevocably constitutes and appoints _____ as its attorney to transfer said stock on the books of the Company with full power of substitution in the premises.

Dated: _____

AUTOTRADECENTER.COM INC., an
Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Name: Roger Butterwick
Its: President

SUBORDINATION AGREEMENT

This Subordination Agreement (this "Agreement") dated July 26, 2001, is between Mark Moldenhauer and Pinnacle Financial Corporation (collectively, the "Creditors") and Eagle Capital Group, L.L.C. ("Eagle").

RECITALS

A. AutoTradeCenter.com, Inc., formerly known as Auto Network Group of Arizona, Inc., ("Borrower") has requested and/or obtained credit from Eagle which will be secured by all of its assets and property.

B. Creditors have extended credit to Borrower and/or may later extend other credit to Borrower.

C. To induce Eagle to extend credit to Borrower and make further extensions of credit to or for Borrower, or to purchase or extend credit pursuant to any instrument or writing on which Borrower is liable or to grant renewals or extensions of any loan, extension of credit, purchase, or other accommodation, Creditors will subordinate: (i) all of Borrower's indebtedness and obligations to Creditors, existing now or later (the "Subordinated Debt") to all of Borrower's indebtedness and obligations to Eagle; (ii) all of Creditors' security interests to all of Eagle's security interests in the Borrower's property; and (iii) all of Creditors' rights or interests in or to the assets and rights of Borrower.

THE PARTIES AGREE AS FOLLOWS:

1. Creditors subordinate to Eagle any security interest or lien that it has in any property of Borrower or any of Borrower's affiliates or subsidiaries. Despite attachment or perfection dates of Creditors' security interest and Eagle's security interest, Eagle's security interest in the Collateral (defined

in the Security and Stock Pledge Agreement dated on or about July 13, 2001, as amended, modified or restated from time to time between Borrower and Eagle, (the "Loan Agreement") is prior to Creditors' security interest, if any, in the assets of Borrower.

2. All Subordinated Debt payments are subordinated to all Borrower's obligations to Eagle existing now or later, together with collection costs of the Obligations (including attorneys' and all other fees), including, interest accruing after any bankruptcy, reorganization or similar proceeding and all obligations under the Loan and Stock Purchase Agreement, the Multiple Advance Credit Note, and the Security and Stock Pledge Agreement of even date herewith by and between Borrower and Eagle (the "Senior Debt").

3. Creditors will not:

a) take or perform any conduct or action, or send notice to the Borrower of intent to initiate conduct or action, to exercise any remedy with respect to the Collateral or take possession of or control of the Collateral or any assets of Borrower.

b) accelerate the Subordinated Debt, or begin to or participate in any action against Borrower, until all the Senior Debt is paid. This does not prohibit Creditors from converting any Subordinated Debt into equity securities of Borrower.

4. Without limiting or modifying the provisions of paragraph 3 herein, Borrower may make required periodic payments on the Subordinated Debt only if both of the following conditions are met:

a) Borrower is not in any form of Default, and/or no Event of Default has occurred, with respect to the Senior Debt, and

b) Borrower has available funds on deposit in an amount sufficient to pay all projected, accrued and accruing obligations, in the ordinary course of business, and meet all other periodic payment obligations, including all monthly payments due on the Senior Debt, for the next 30 days.

5. Creditors must deliver to Eagle in the form received (except for endorsement or assignment by Creditors) any payment, distribution, security or proceeds it receives on the Subordinated Debt other than according to this Agreement.

6. These provisions remain in full force and effect, despite Borrower's insolvency, reorganization or any case or proceeding under any bankruptcy or insolvency law, and Eagle's claims against Borrower and Borrower's estate will be fully paid before any payment is made to Creditors.

7. Until the Senior Debt is paid, Creditors irrevocably appoint Eagle as its attorney-in-fact, with power of attorney with power of substitution, in Creditors' name or in Eagle's name, for Eagle's use and benefit without notice to Creditors, to do the following in any bankruptcy, insolvency or similar proceeding involving Borrower:

a) File any claims for the Subordinated Debt for Creditors if Creditors do not do so at least 30 days before the time to file claims expires, and

b) Accept or reject any plan of reorganization or arrangement

for Creditors and vote Creditors' claims in respect of the Subordinated Debt in any way it chooses.

8. Creditors will immediately put a legend on the Subordinated Debt instruments that the instruments are subject to this Agreement. No amendment of the Subordinated Debt documents will modify this Agreement in any way that terminates or impairs the subordination of the Subordinated Debt or the subordination of the security interest or lien that Eagle has in Borrower's property. For example, instruments may not be amended to (i) increase the interest rate of the Subordinated Debt, or (ii) accelerate payment of principal or interest or any other portion of the Subordinated Debt.

9. This Agreement is effective while Borrower owes any amounts to Eagle. If after full payment of the Senior Debt Eagle must disgorge any payments made on the Senior Debt, this Agreement and the relative rights and priorities provided in it, will be reinstated as to all disgorged payments as though the

payments had not been made, and Creditors will immediately pay Eagle all payments received under the Subordinated Debt to the extent the payments would have been prohibited under this Agreement. At any time without notice to Creditors, Eagle may take actions it considers appropriate on the Senior Debt such as terminating advances, increasing the principal, extending the time of payment, increasing interest rates, renewing, compromising or otherwise amending any documents affecting the Senior Debt and any collateral securing the Senior Debt, and enforcing or failing to enforce any rights against Borrower or any other person. No action or inaction will impair or otherwise affect Eagle's rights under this Agreement.

10. This Agreement binds Creditors, their successors or assigns, and benefits Eagle's successors or assigns. This Agreement is for Creditors' and Eagle's benefit and not for the benefit of Borrower or any other party. If Borrower is refinancing any of the Senior Debt with a new lender, upon Eagle's request of creditor, Creditors will enter into a new subordination agreement with the new lender on substantially the terms of this Agreement.

11. This Agreement may be executed in two or more counterparts, each of which is an original and all of which together constitute one instrument.

12. Arizona law governs this agreement without giving effect to conflicts of laws principles. Creditors and Eagle submit to the exclusive jurisdiction of the courts in Maricopa County, Arizona. CREDITORS AND EAGLE EACH WAIVE THEIR RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION FROM THIS AGREEMENT.

13. This Agreement is the entire agreement about this subject matter, and supersedes prior negotiations or agreements. Creditors are not relying on any representations by Eagle or Borrower in entering into this Agreement. Creditors will keep themselves informed of Borrower's financial and other conditions. This Agreement may be amended only by written instrument signed by Creditors and Eagle.

14. If there is an action to enforce the rights of a party under this Agreement, the party prevailing will be entitled, in addition to other relief, all reasonable costs and expenses, including reasonable attorneys' fees, incurred in the action.

"Creditors"

MARK MOLDENHAUER

"Eagle"

EAGLE CAPITAL GROUP, L.L.C., an

Arizona limited liability Company

/s/ MARK MOLDENHAUER

By: /s/ NEIL ELSEY
Title: MANAGING MEMBER

PINNACLE FINANCIAL CORPORATION, an Arizona corporation

By: /s/ MARK MOLDENHAUER

Name: MARK MOLDENHAUER
Title: PRESIDENT

The Borrower approves and agrees to the terms of this Agreement.

"Borrower"

AUTOTRADECENTER.COM, INC., an Arizona corporation

By: /s/ ROGER L. BUTTERWICK

Title: PRESIDENT

EXHIBIT 10.30

ESCROW AGREEMENT
BETWEEN STRADLING YOCCA CARLSON & RAUTH,
AUTOTRADECENTER.COM INC. AND
NETCHEMISTRY, INC.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Escrow Agreement") is made and entered into July 26, 2001, by and among STRADLING YOCCA CARLSON & RAUTH, a professional corporation ("Stradling" or "Escrow Agent"), AUTOTRADECENTER.COM INC., an Arizona corporation ("ATC"), NETCHEMISTRY, INC., a Delaware corporation ("NetChemistry").

RECITALS

A. ATC and NetChemistry have entered into (1) that certain Agreement for Professional Services dated September 27, 2000 (the "2000 Agreement") which has expired; (2) that certain NetChemistry Professional Services Agreement, dated March 9, 2001, which was superseded by that certain Professional Consulting Services Agreement dated March 21, 2001 (the "March 21, 2001 Development Agreement"), which expires July 31, 2001 (collectively, the "2001 Agreements"); and (3) that certain Agreement for Professional Services dated May 1, 2000, related to managed hosting services (the "Web Hosting Agreement," and together with the 2000 Agreement and 2001 Agreement, the "Related Agreements"), which expires April 30, 2002.

B. ATC and NetChemistry desire to establish an escrow account with Escrow Agent into which ATC shall deposit certain payments to NetChemistry under the Related Agreements and NetChemistry shall deposit certain work product produced under the 2000 Agreement and 2001 Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants set forth herein, the parties hereto agree as follows:

1. INITIAL PAYMENTS AND DEPOSITS. Concurrently with the execution and delivery of this Escrow Agreement,

(a) ATC shall pay $103,275 to NetChemistry as partial payment of amounts owed pursuant to the Related Agreements;

(b) NetChemistry and ATC shall execute and deliver that certain Amendment No. 1 to the Web Hosting Agreement (the "Amendment");

(c) ATC shall pay to NetChemistry the "Fees", as defined in the Amendment, in the additional sum of $45,900; and

(d) ATC and NetChemistry shall execute and deliver to Escrow Agent counterpart originals, separately executed, of that certain Settlement Agreement and Release of

even date herewith (the "Settlement Agreement"), together with a "Stipulation for Dismissal" in the form of Exhibit "A" to the Settlement Agreement.

2. ESCROW ACCOUNT. Stradling will act as Escrow Agent in connection with this Escrow Agreement. As Escrow Agent, Stradling will establish an escrow account (the "Escrow Account"), and will denominate the account as follows: "AutoTradeCenter.com Inc. - Escrow."

(a) Upon execution of this Escrow Agreement, ATC shall deliver to the Escrow Agent a promissory note issued to NetChemistry in the principal amount of $309,825 (the "Note"), in the form of EXHIBIT F attached hereto, the payment of which shall be guaranteed by Eagle Capital Group, L.L.C. ("Eagle"), pursuant to a guaranty in the form of EXHIBIT G attached hereto (the "Guaranty"). Concurrent with the execution and delivery of this escrow agreement, ATC and Eagle shall deliver the Guaranty to NetChemistry. Upon ATC receiving the Verification Notice pursuant to SECTION 2(D) from SilverStream Software, Inc., ("SilverStream") , ATC shall provide to Escrow Agent funds in the amount of $309,825 (the "Escrow Funds"), in the form of cash, wire transfer, or bank or cashier's check immediately payable to NetChemistry, representing payment of all principal due under the Note. Escrow Agent shall hold the Escrow Funds in the Escrow Account.

(b) NetChemistry shall deliver to Escrow Agent the software and related materials described in subsections (1) through (4) below of this Section 2(b) (collectively referred to herein as the "Software Deliverables"). The Software Deliverables are intended to be, and shall be, all of the software Utilized to Operate the ATCADVANTAGE Web Site with the exception of the Excluded Software, as defined below. As used herein, software "Utilized to Operate the ATCADVANTAGE Web Site" shall include such software, and only such software, as may be in actual, current use, as of the date of this Escrow Agreement, and during the term hereof, in the operation and management by NetChemistry of the websites located at WWW.HFCARSALES.COM, WWW.VOLVORIDE.COM, WWW.SUZUKIPROLINE.COM, WWW.ATCAUCTIONLINK.COM, and FTP.ATCADVANTAGE.COM (collectively, the "ATCADVANTAGE Web Site"), and any Work Product, as defined hereinbelow, including such Work Product developed for ATC by NetChemistry during the term of this Escrow Agreement. The Software Deliverables shall consist of the following:

(1) All computer software code (including source code and object code), routines, processes, procedures, software engines, tools, modules, rules, methods, and libraries and all patents and patentable subject matter, copyrights, and copyrightable subject matter and all trade secrets of any kind developed by NetChemistry under the 2000 Agreement, except for those proprietary modules which shall remain the property of NetChemistry as follows:

User Authorization
User Authentication
User Administration

All custom Perl distribution modules
All development tools
All CGI programs which run the following
* page/data display
* navigation
* database access

* data feeds/transmissions
* e-mail
* data transfer

Any NetChemistry copyrighted programs & materials

(2) All computer software code (including source code and object code), routines, processes, procedures, software engines, tools, modules, rules, methods, libraries, site plans, design documents, and schemas, and all patents and patentable subject matter, copyrights, and copyrightable subject matter and all trade secrets of any kind developed by NetChemistry under the 2001 Agreements.

(3) All computer software code, if any, (including source code and object code), routines, processes, procedures, software engines, tools, modules, rules, methods, and libraries and all patents and patentable subject matter, copyrights, and copyrightable subject matter and all trade secrets of any kind developed by NetChemistry under the Web Hosting Agreement, except for those proprietary modules which shall remain the property of NetChemistry as follows:

User Authorization
User Authentication
User Administration
All custom Perl distribution modules
All development tools
All CGI programs which run the following
* page/data display
* navigation
* database access
* data feeds/transmissions
* e-mail
* data transfer

Any NetChemistry copyrighted programs & materials

(4) Copies, in object code, of all other computer software proprietary to NetChemistry which is "Utilized to Operate the ATCADVANTAGE Web Site," together with a non-exclusive, nontransferable, site license to utilize such software for the sole purpose of continuing to operate the ATCADVANTAGE Web Site in connection with the business of B2B internet automotive vehicle remarketing.

(5) Copies, in object code, of the following third party computer software (not all of which may necessarily be Utilized to Operate the ATCADVANTAGE Web Site):

FREEWARE:
- FREEWARE/proftpd (production only)...no license
- FREEWARE/perl...no license
- ImageMagick/ImageMagick perl version .. no license required
- Oracle/Oracle Server...no license required for development
- Microsoft/Internet Explorer...no license required
- Netscape/Netscape Navigator.. no license required
- Microsoft/Web Application Stress Tool.. no license required

LICENSED PRODUCTS PURCHASED BY ATC:

- Silverstream/Silverstream server (production only)
- COM-PRESS/easyaccess2000 (production only)
- Sun/Solaris... licenses come with each server

(The Software Deliverables described in subparagraphs (1), (2), and (3) of this SECTION 2(B) shall be referred to collectively herein as the "Work Product").

Upon receipt of the Software Deliverables, Escrow Agent shall hold the Software Deliverables in the Escrow Account.

Except as expressly set forth in this Escrow Agreement, nothing herein contained shall be deemed to alter by implication the respective ownership and license rights of the parties established under the Related Agreements.

(c) Except as expressly set forth in subparagraph 2(b)(4) above, nothing herein contained shall require the delivery by NetChemistry of any third party software. Without limiting the generality of the foregoing, NetChemistry shall not be required to deliver any of the following third party software, some of which may be Utilized to Operate the ATCADVANTAGE Web Site, and other modules of which may be helpful to the future operation or development of the web site:

<TABLE>
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<S> <C>
- Microsoft/SourceSafe...(license required)
- Sourcegear/SourceOffSite...(license required)
- Quest/Toad...(license required)
- Silverstream/Silverstream developer...(partnership program, license required)
- Microsoft/Windows 2000...(license required)
- Microsoft/Office products (word, excel, outlook, etc.)...(license required)
- Adobe/Photoshop...(license required)

- Adobe/Imageready...(license required)
- Macromedia/Dreamweaver Ultradev...(license required)
- Portera/Portera Issue Manager...(license required)
- Microsoft/Visio...(license required)
- Hummingbird/Exceed...(license required)
- Microsoft/NT Server...(license required)

</TABLE>

The third party software excluded from delivery into escrow pursuant to the provisions of this SECTION 2(C), shall be referred to herein as the "Excluded Software".

(d) ATC and NetChemistry shall engage SilverStream to verify that the Software Deliverables contain all of the Work Product and NetChemistry proprietary software Utilized to Operate the ATCADVANTAGE Web Site, in accordance with the following procedure:

(1) SilverStream shall designate a single individual (the "Verifying Employee "), who shall be an employee of SilverStream, to conduct the verification.

(2) The Verifying Employee shall be free of any conflicts of

interest, whether actual, potential, or apparent, (including, without limitation, any current or past applications for or solicitations of employment, or other communications with respect to possible employment, with any of the parties to this agreement), except any such conflicts of interest which may be waived in writing by ATC and NetChemistry. The Verifying Employee may be requested by either ATC or NetChemistry to disclose any and all conflicts of interest, whether actual, potential, or apparent, prior to commencement of performance of his verification activities hereunder, and to verify the absence of any. ATC and NetChemistry each hereby represent and warrant to the other that, prior to the commencement of verification activities hereunder by the Verifying Employee, they will disclose in writing to the other any known or suspected conflicts of interest, whether actual, potential, or apparent, on the part of the Verifying Employee. ATC and NetChemistry shall be prohibited, for a period of two years from the date of this agreement, from directly or indirectly employing or hiring, as an employee, consultant, or otherwise, the Verifying Employee; provided, however, that nothing herein contained shall prevent either party from engaging SilverStream in any manner whatsoever, so long as such engagement does not require, induce, or encourage any breach of the obligations of confidentiality undertaken by the Verifying Employee.

(3) The Verifying Employee shall execute a confidentiality agreement in favor of NetChemistry and ATC, in form and substance acceptable to NetChemistry and ATC, with respect to the source code and any other confidential material proprietary to NetChemistry and ATC provided as part of the Software Deliverables.

(4) NetChemistry shall make available to the Verifying Employee access to the operating hardware and software utilized by NetChemistry to operate the ATCADVANTAGE Web Site. The Verifying Employee shall have the opportunity, and shall be

provided with the necessary equipment and facilities, to make copies of any or all of the software Utilized to Operate the ATCADVANTAGE Web Site, aside from any Excluded Software, as deemed necessary by the Verifying Employee to verify that the Software Deliverables constitute all of the software "Utilized to Operate the ATCADVANTAGE Web Site" with the exception of any Excluded Software. Any such software copied by the Verifying Employee shall be delivered, immediately upon completion of copying at the NetChemistry facilities, by the Verifying Employee, to an authorized agent of Escrow Agent, who shall transport such copies to the offices of Escrow Agent to be deposited and held in the Escrow Account.

(5) The parties shall use their best efforts and shall take all steps necessary and appropriate to arrange for and complete the verification and the close of escrow no later than August 7, 2001. Unless delayed as a result of the inability of the Verifying Employee to complete his verification by such date, final verification shall occur on August 7, 2001. A preliminary verification shall be conducted as soon as possible following the date of this Escrow Agreement and before August 7, 2001, so that the only remaining verification required on August 7, 2001, will be to update the Software Deliverables with any additional Work Product created during the interim. Following the preliminary verification, the Verifying Employee shall provide the parties with written notice of the results of the preliminary verification.

(6) All costs, expenses, and charges incurred for the services rendered by SilverStream and the Verifying Employee shall be borne by ATC, and

ATC shall indemnify NetChemistry and hold it harmless from and against any such costs, expenses, or charges.

(e) Upon final verification of the content of the Software Deliverables, the Verifying Employee shall execute a Verification Notice in the form attached hereto as EXHIBIT A, and deliver such notice to ATC, NetChemistry, Escrow Agent, and Eagle. The Verification Notice shall identify any material exceptions between the Software Deliverables and the modules currently Utilized to Operate the ATCADVANTAGE Web Site.

(f) As soon as practicable after receipt of the Verification Notice, NetChemistry and ATC shall discuss the nature and extent of the material exceptions identified in the Verification Notice, if any. Upon the parties mutually acceptable resolution of any identified material exceptions, the parties shall execute the escrow instructions in the form of closing notice attached hereto as EXHIBIT B, and ATC shall deliver the Escrow Funds forthwith. The date of the parties' mutually acceptable resolution of any identified material exceptions shall be referred to as the "Verification Date."

(g) In the event that there are no material exceptions identified in the Verification Notice, the date of the Verification Notice shall be deemed to be the "Verification Date", ATC shall deliver the Escrow Funds forthwith, and the parties shall execute the Closing Notice.

(h) In the event ATC is unable to deliver the Escrow Funds on the Verification Date, ATC shall have one business day after receipt of the Verification Notice within which to deliver the Escrow Funds.

(i) In the event that the parties are not able to agree on a mutually acceptable resolution of any identified material exceptions, the parties shall so notify Escrow Agent. As soon as practicable upon receipt of notification that the parties cannot mutually agree on an acceptable resolution, or if the Verification Date has not occurred by August 31, 2001, Escrow Agent shall return (1) to NetChemistry, any Software Deliverables in the Escrow Account, the counterpart original Settlement Agreement executed by NetChemistry, and the Stipulation for Dismissal; (2) to ATC, the Note, unless otherwise paid with Escrow Funds in the Escrow Account, together with the counterpart original Settlement Agreement executed by ATC; and (3) to ATC, the Escrow Funds, if any. As a matter with which the Escrow Agent need not be concerned, substantially contrary with the deliveries specified in the preceding sentence, NetChemistry shall return to Eagle the Guaranty.

3. DISBURSEMENT OF SOFTWARE DELIVERABLES AND ESCROW FUNDS.

(a) Upon receipt of (A) the Closing Notice duly executed by ATC and NetChemistry, and (B) the Escrow Funds in exchange for the Note, Escrow Agent shall deliver or transfer the Escrow Funds to NetChemistry, shall deliver the Software Deliverables and the Stipulation for Dismissal to ATC, and shall deliver to ATC and NetChemistry, respectively, the counterpart originals of the Settlement Agreement, as duly executed by the other party thereto.

(b) Upon receipt of either or both of the Closing Notice duly executed by ATC and NetChemistry, or the unqualified Verification Notice from SilverStream, and in the event that the Escrow Funds have not been deposited with Escrow Agent in exchange for the Note within three business days following the later of August 7, 2001, or the date of receipt of the Verification Notice,

Escrow Agent shall deliver or transfer (1) to NetChemistry, any Software Deliverables in the Escrow Account, the counterpart original Settlement Agreement executed by NetChemistry, the Stipulation for Dismissal, and the Note; and (2) to ATC, the counterpart original Settlement Agreement executed by ATC.

4.MAINTENANCE OF RECORDS. Escrow Agent shall maintain accurate records of all transactions hereunder. Promptly after the termination of the escrow, Escrow Agent shall provide ATC and NetChemistry with a complete and accurate account of the transactions. ATC and NetChemistry shall also have access to such books and records relating to the Escrow Account at all reasonable times during normal business hours upon reasonable notice to the Escrow Agent; PROVIDED, HOWEVER, that ATC shall have no access to the Software Deliverables prior to the close of escrow hereunder.

5. EXCULPATION AND INDEMNIFICATION OF ESCROW AGENT. Each of the parties hereto agree:

(a) to authorize Escrow Agent, in the event of any conflicting demands made upon it concerning this Escrow Agreement or the escrow, at its election, to hold any money, documents, and Software Deliverables deposited hereunder until it receives mutual instructions by all parties or until a civil action shall have been fully concluded in a court of competent jurisdiction, determining the rights of the parties. In the alternative, Escrow Agent may, at its discretion, at any time, commence a civil action to interplead any conflicting demands to a court of competent jurisdiction.

(b) to indemnify and hold harmless Escrow Agent for, from, and against all costs, damages, attorneys' fees, expenses, and liabilities, which it may incur or sustain in connection with this Escrow Agreement or any court action arising therefrom and will pay same on demand. This right of indemnification shall survive the termination of this Escrow Agreement, and/or the removal or resignation of the Escrow Agent.

(c) that unless otherwise herein expressly provided, the Escrow Agent shall not be held liable for any action taken or omitted under this Escrow Agreement, so long as it shall have acted in good faith and without negligence. The Escrow Agent shall have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any documents or instruments submitted to it in connection with its duties hereunder. The Escrow Agent shall be entitled to deem the signatories of any document or instrument submitted to it hereunder as being authorized to sign such documents or instruments on behalf of the party submitting such documents or instruments, and shall be entitled to rely upon the genuineness of signatures or such signatories without inquiry and without requiring substantiating evidence. At the option of Escrow Agent, facsimile copies of documents may be accepted as originals.

(d) to grant Escrow Agent a lien on all escrowed assets for all fees, expenses, taxes, indebtedness, and other financial obligations that may become owing to Escrow Agent arising hereunder, including any indemnities prescribed herein. In all cases, Escrow Agent may deduct any unpaid fees, with prior notice, before final disbursement of the escrow funds. To the extent that Escrow Agent deducts any unpaid fees from the final disbursement of escrow funds, the party otherwise entitled to receipt of the escrow funds shall be promptly reimbursed by the other party for any amount deducted from the escrow funds attributable to any failure by the latter to pay its share of the Escrow Agent's fees.

6.COMPENSATION OF ESCROW AGENT. For all services rendered by Escrow Agent hereunder, Escrow Agent shall be entitled to receive from ATC and NetChemistry the fees (the "Fees") described and calculated on the fee schedule attached as EXHIBIT C hereto. The Fees earned shall be payable on the earliest to occur of: (i) any date the Escrow Funds and Software Deliverables are disbursed in accordance with SECTION 3(A) hereof, (ii) the occurrence of the events set forth in SECTION 2(I) or SECTION 3(B) hereof, or (iii) the resignation of the Escrow Agent as set forth in SECTION 8 hereof. The Fees shall be payable by and prorated

equally among ATC and NetChemistry. To the extent such fees and expenses are not paid by the undersigned, the foregoing shall be paid from the cash in the Escrow Funds after written notice from the Escrow Agent to the undersigned.

7.FURTHER ASSURANCES. From time to time, on and after the date hereof, the parties shall deliver, or cause to be delivered, to Escrow Agent such further documents and instruments and shall do any further acts, or cause such further acts to be done as Escrow Agent shall reasonably request (it being understood that Escrow Agent shall have no obligation to make any such request) to carry out more effectively the provisions and purposes of this Escrow Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

8.RESIGNATION. Escrow Agent may resign at any time and be discharged from its duties as Escrow Agent hereunder by giving the other parties hereto at least fifteen (15) business days' notice hereof. As soon as practicable after its resignation, Escrow Agent shall turn over to a successor Escrow Agent appointed jointly by ATC and NetChemistry all monies and property held hereunder (less such amount as Escrow Agent is entitled to retain pursuant to SECTION 5) upon presentation of the document appointing the new Escrow Agent and its acceptance thereof. If no new Escrow Agent is so appointed within a thirty (30) day period following such notice of resignation, Escrow Agent may deposit the aforesaid monies and property with any court it deems appropriate, or may return the materials deposited to the parties who originally deposited such materials with Escrow Agent.

9.ADDITIONAL AGREEMENTS OF ATC AND NETCHEMISTRY. As additional covenants effective only as between ATC and NetChemistry, and with which Escrow Agent need not be concerned, ATC and NetChemistry agree as follows:

(a) CONDITIONAL STAY OF FURTHER PROCEEDINGS. All proceedings in American Arbitration Association, Orange County, California, Demand for Arbitration, entitled NETCHEMISTRY, INC., V. AUTOTRADECENTER.COM, ET. AL, filed July 13, 2001 (the "Litigation") shall be stayed and no further pleadings filed or motions will be urged until any of the following occur: (1) the escrow closes hereunder and the Stipulation for Dismissal has been filed, or (2) escrow is terminated without closing due to the failure of the conditions necessary to closing; or (3) August 31, 2001.

(b) COMPLETION OF SERVICES. NetChemistry shall continue to provide, through and including August 7, 2001, the services pursuant to the Professional Consulting Services Agreement dated March 21, 2001, as directed by a representative of ATC through an individual specified by NetChemistry, in the manner provided for in and in accordance with the March 21, 2001, Development Agreement. On August 7, 2001, or as soon as practicable thereafter, NetChemistry

shall deliver the Work Product (as defined in that agreement) to the Escrow Agent, to be disbursed by the Escrow Agent to ATC under the terms and conditions set forth herein.

(c) SUPPLEMENTAL SERVICES. NetChemistry shall provide such services as may be requested by ATC and as may be reasonably necessary or appropriate to assist ATC in the transition of the operation and management of the ATCADVANTAGE Web Site from NetChemistry to ATC. Without limiting the generality of the foregoing, NetChemistry shall provide to ATC documentation as to the directory structures utilized in the operation of the ATCADVANTAGE Web Site together with installation instructions as and to the degree requested by ATC. To the extent that ATC timely directs NetChemistry to engage in such activities during the term of the existing development obligations of NetChemistry under the March 21, 2001 Development Agreement, ending on August 7, 2001 (as and to the extent such services can be performed prior to the close of escrow hereunder), in lieu of some portion or all of the development services otherwise being provided during such term, such services shall be performed by NetChemistry at no additional charge to ATC except for any extra out-of-pocket expenses incurred. As and to the extent such services are requested either following August 7, 2001, or, during the term of this Escrow Agreement, in addition to services being provided under the March 21, 2001 Development Agreement, ATC shall pay to NetChemistry, in advance, NetChemistry's charges at its then prevailing rates.

(d) NONSOLICITATION. ATC shall be prohibited, for a period of two years from the date of this Escrow Agreement, from directly or indirectly employing or hiring, as an employee, consultant, or otherwise, any person who is an employee of NetChemistry as of the date of this Escrow Agreement or at any time within the period ending two years from the date of this Escrow Agreement.

(e) REPRESENTATIONS AND WARRANTIES OF NETCHEMISTRY. NetChemistry hereby represents and warrants to ATC as follows:

(1) The Software Deliverables as delivered to ATC at the close of escrow hereunder, together with the Excluded Software, shall constitute all of the software in actual, current use, as of the date of this Escrow Agreement, and during the term of this Escrow Agreement, in the operation and management by NetChemistry of the websites located at WWW.HFCARSALES.COM, volvoride.com, WWW.SUZUKIPROLINE.COM, WWW.ATCAUCTIONLINK.COM, and FTP.ATCADVANTAGE.COM.

10. CONSENT TO SERVICE OF PROCESS. Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of California, in the County of Orange, and of any federal court located in such state and county in connection with any action, suit, or other proceeding arising out of or relating to this Escrow Agreement or any action taken or omitted hereunder.

11. NOTICES. Unless otherwise provided herein, any notice, offer, exercise of rights or other communication required or permitted to be given hereunder shall be in writing and shall be given by registered or certified mail, confirmed facsimile or telecopy, overnight delivery service such as Federal Express if a receipt is obtained showing delivery, at such party's address set forth next below or such other address as such party may hereafter specify

by notice to the other parties hereto, or by actual personal delivery. Any notice or other communication shall be deemed to have been given as of the date so personally delivered or transmitted by confirmed telecopy or like transmission, on the date of delivery shown on the receipt when sent by overnight delivery service, or on the date shown on the return receipt for delivery or refusal when given by registered or certified mail. Address and fax numbers for such notice are as follows:

If to Escrow Agent:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive
Suite 1600
Newport Beach, California 92660-6441
Attention: Nick E. Yocca, Esq.
Facsimile: (949) 725-4100
Confirming No: (949) 725-4000

If to ATC:
AutoTradeCenter.com Inc.
15170 North Hayden Road
Scottsdale, Arizona 85260
Attention: Roger Butterwick
Facsimile: (480) 609-3775
Confirming No: (480) 556-6701

with a copy to:

Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, Arizona 85016
Attention: Robert S. Kant
Facsimile: (602) 445-8100
Confirming No.: (602) 445-8000

If to NetChemistry:
NetChemistry, Inc.
4600 Campus Drive, Suite 201
Newport Beach, California 92660
Attention: Alfred Lutter
facsimile: (949) 608-1701
confirming no: (949) 608-1717

with a copy to:

Ed Sybesma, Esq.
Rutan & Tucker
611 Anton Boulevard
Suite 1400
Costa Mesa, CA 92626
facsimile: (714) 546-9035
confirming no: (714) 641-3427

12. MISCELLANEOUS.

(a) BINDING NATURE OF ESCROW AGREEMENT; NO ASSIGNMENT. This Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns, except that no party may assign, delegate, or transfer its rights or obligations under this Escrow Agreement without the prior written consent of the other parties hereto. Any assignment, delegation, or transfer made in violation of this SECTION 12(A) shall be null and void.

(b) CONTROLLING LAW. This Escrow Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the State of California, notwithstanding any California or other conflict-of-law provisions to the contrary. The laws of the State of California and the rules and regulations of the California Bar Association shall govern the performance and obligations of Escrow Agent, and any and all conflicts arising from or related to the performance of Escrow Agent's duties and obligations hereunder, notwithstanding any California or other conflict-of-law provisions to the contrary.

(c) HEADINGS. The headings in this Escrow Agreement are for the purposes of reference only and shall not limit or otherwise affect any of the terms hereof.

(d) ENTIRE ESCROW AGREEMENT. This Escrow Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Escrow Agreement may not be modified or amended other than by an agreement in writing.

(e) REGARDING THE ESCROW AGENT. ATC and NetChemistry each understand and acknowledge that Escrow Agent is a professional corporation engaged in the practice of law and that its duties as Escrow Agent hereunder arise from its contemporaneous association with and bona fide client relationship with NetChemistry and Walter Cruttenden, the principal

stockholder of NetChemistry. ATC and NetChemistry each understand and acknowledge that Escrow Agent has apprised them of the provisions of Rule 3-310 of the Rules of Professional Conduct of the State Bar of California, a copy of which is attached hereto as EXHIBIT E. Each of ATC and NetChemistry hereby consent to Escrow Agent's performance as Escrow Agent with respect to this Escrow Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the day and year first above written.

AUTOTRADECENTER.COM INC.

By: /s/ JOHN E. ROWLETT

Name: JOHN E. ROWLETT

Title: SECRETARY

NETCHEMISTRY, INC.

By: /s/ ALFRED WILLIAM LUTTER III

Name: ALFRED WILLIAM LUTTER III

Title: CHIEF EXECUTIVE OFFICER

STRADLING YOCCA CARLSON & RAUTH

By: /s/ NICK E. YOCCA

Name: NICK E. YOCCA

Title: SHAREHOLDER