
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

COMMISSION FILE NUMBER 0-22563

PC411, INC.

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

95-4463937
(I.R.S. Employer
Identification Number)

9800 S. LA CIENEGA BLVD.
INGLEWOOD, CA
(Address of principal executive offices)

90301
(Zip Code)

(310) 645-1114
(ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE)

CHECK WHETHER THE ISSUER (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE EXCHANGE ACT 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

AS OF JUNE 26, 1997, THERE WERE OUTSTANDING 2,972,500 SHARES OF THE ISSUER'S COMMON STOCK, \$.01 PAR VALUE.

PC411, INC.
QUARTERLY REPORT ON FORM 10-QSB
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)BALANCE SHEETS
(UNAUDITED)<TABLE>
<CAPTION>

	March 31, 1997	December 31, 1996
<S>	<C>	<C>
ASSETS:		
Current assets:		
Cash and cash equivalents.....	\$ 35,899	\$ 8,605
Accounts receivable.....	10,823	10,947
Prepaid expenses.....	283,338	192,865
	-----	-----
Total current assets.....	330,060	212,417
	-----	-----
Property and equipment, net.....	125,826	132,972
	-----	-----
Total assets.....	<u>\$ 455,886</u>	<u>\$ 345,389</u>
CURRENT LIABILITIES:		
Accrued expenses.....	\$ 199,276	\$ 192,992
Deferred revenue.....	35,887	25,387
Related party demand loan payable	577,623	327,065
	-----	-----
Total current liabilities.....	812,786	545,444
	-----	-----
Commitments and contingencies.....	--	--
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock, Series A \$.01 par value. Authorized 10,000 shares; issued and outstanding 0 and 1,820 shares at March 31, 1997 and December 31, 1996, respectively, liquidation value of \$550 per share.....	--	18
Common Stock, \$.01 par value. Authorized 10,000 shares; issued and outstanding 12,866 and 4,240 at March 31, 1997 and December 31, 1996, respectively.....	129	42
Additional paid-in capital.....	1,450,724	1,406,427
Deficit accumulated during the development stage.....	(1,807,753)	(1,606,542)
	-----	-----
Net stockholders' deficit.....	(356,900)	(200,055)
	-----	-----
Total liabilities and stockholders' equity (deficit).....	<u>\$ 455,886</u>	<u>\$ 345,839</u>

</TABLE>

See accompanying Notes to Financial Statements

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	Period from		
	Three Months Ended March 31,	December 29, 1993	
	(Date of Inception) to		
	1997	1996	March 31, 1997
<S>	<C>	<C>	<C>
Revenues.....	\$ 41,550	\$ 11,556	\$ 109,961
Cost and expenses:			
Cost of revenues.....	30,659	13,242	228,199
Research and development.....	7,843	76,159	553,976
Sales and marketing.....	15,855	13,435	159,197
General and administrative.....	129,858	125,581	792,155
	-----	-----	-----
	184,215	228,417	1,733,527
	-----	-----	-----
Operating loss.....	(142,665)	(216,861)	(1,623,566)
	-----	-----	-----
Other income (expense):			
Interest and other income.....	--	2,945	50,818
Interest expense.....	(57,746)	--	(232,605)
	-----	-----	-----
Other income (expense).....	(57,746)	2,945	(181,787)
	-----	-----	-----
Loss before income taxes.....	(200,411)	(213,916)	
Income taxes.....	800	800	2,400
	-----	-----	-----
Net loss.....	(201,211)	(214,716)	\$(1,807,753)
			=====
Dividends on preferred shares - undeclared..	(104,250)	--	
	-----	-----	
Net loss applicable to common stock.....	\$ (305,461)	\$ (214,716)	
	=====	=====	
Net loss per share.....	\$ (30.57)	\$ (50.64)	
	=====	=====	
Shares used in computing net loss per share	9,991	4,240	
	=====	=====	
Pro forma net loss per share.....	(.10)	(.07)	
	=====	=====	
Shares used in computing pro forma net loss per share.....	2,972,500	2,972,500	
	=====	=====	

</TABLE>

See accompanying Notes to Financial Statements

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1997
(Unaudited)

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Deficit accumulated	Total	Total during the stockholders'	
	Shares	Amount	Shares	Amount	paid-in	development	equity	(deficiency)
	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Balance, December 31, 1996.....		1,820	\$ 18	4,240	\$ 42	\$1,406,427	\$(1,606,542)	\$(200,055)
Net loss.....					(201,211)	(201,211)		
Conversion of preferred stock to common stock.....	(1,820)	(18)	8,626	87	(69)		--	
Interest component of stock option granted.....				44,366		44,366		
Balance, March 31, 1997.....	--	\$ --	12,866	\$129	\$1,450,724	\$(1,807,753)	\$(356,900)	

</TABLE>

See accompanying Notes to Financial Statements

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PC411, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Period from		
	Three Months Ended March 31, 1997	December 29, 1993 (Date of Inception) to March 31, 1997	
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss.....	\$(201,211)	\$(214,716)	\$(1,807,753)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation.....	9,968	9,052	76,441
Interest component of stock options granted.....		44,366	44,366
Amortization of discount on loan payable.....			160,940
Changes in assets and liabilities:			
Accounts receivable.....	124		(10,823)
Prepaid expenses.....	(90,473)		(283,338)
Accrued expenses.....	6,284		199,276
Deferred revenues.....	10,500		35,877
Cash used in operating activities.....	(220,442)	(205,665)	(1,585,004)
Cash flows from investing activities:			
Acquisition of property and equipment.....	(2,822)	(5,071)	(202,267)
Cash flows from financing activities:			
Increase in loan payable.....	250,558		577,623
Issuance of preferred stock.....			1,001,000
Shareholder cash contribution.....			92,047
Issuance of common stock.....			152,500
Cash flows provided from financing activities.....	250,558		1,823,170
Net increase (decrease) in cash.....	27,294	(210,735)	35,899
Cash and cash equivalents at beginning of period.....	8,605	370,827	--
Cash and cash equivalents at end of period.....	\$ 35,899	\$ 160,093	\$ 35,899

</TABLE>

See accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

(1) BUSINESS AND ORGANIZATION

PC411, Inc. was incorporated in Delaware on December 29, 1993. The Company provides an on-line service that transmits name, address, telephone number and other related information digitally to users of personal computers.

INITIAL PUBLIC OFFERING

On May 21, 1997, the Company completed an initial public offering ("IPO") of 1,322,500 units (including 172,500 units from the exercise of the Underwriter's over allotment option), each unit consisting of one share of Common Stock and one Redeemable Class A Warrant to purchase a share of Common Stock. The units were sold for \$5.75 each and the Company received, after expenses of the IPO, approximately \$6 million in net proceeds. Immediately prior to the IPO, the then outstanding 12,866 shares of Common Stock were converted into 2,222,390 shares of Common Stock pursuant to a 172.7336-for-1 stock split. Certain stockholders contributed 632,390 shares to the Company resulting in 1,590,000 shares outstanding. In addition, the Company issued an additional 60,000 shares to its legal counsel in connection with services rendered for the IPO. As a result of the foregoing, at May 23, 1997 the Company had 2,972,500 shares outstanding. See notes 5 and 6 below.

(2) PRINCIPLES OF REPORTING

The financial statements of the Company as of March 31, 1997 presented herein have been prepared by the Company and are unaudited. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of March 31, 1997 and the results of operations and cash flows for all periods presented have been made. Results for the interim periods are not necessarily indicative of the results for the entire year.

These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 1996 included in the Company's Registration Statement on Form SB-2, as amended (No. 333-21545).

USE OF ESTIMATES

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

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

STOCK OPTIONS

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock options. In 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation", which, if fully adopted, changes the methods of recognition of cost on certain stock options.

(3) RELATED PARTY TRANSACTIONS

The Company entered into a Loan and Security Agreement, dated as of June 27, 1996, as amended (the Loan Agreement), with New Valley Corporation ("New Valley"), an indirect majority owner of the Company's shares of Common Stock, pursuant to which New Valley agreed to provide the Company, in its sole and absolute discretion, with up to \$750,000 in financing. Amounts advanced under the Loan Agreement were due on demand and bore interest at 12% per annum. In May 1997, the Company issued to New Valley 1,000,000 Redeemable Class A Warrants at the IPO price of \$.25 per warrant in satisfaction of \$250,000 of indebtedness under the Loan Agreement and the remaining balance due under the Loan Agreement of \$447,064 was satisfied out of the net proceeds of the IPO.

In January 1997, the Company granted to Direct Assist Holding Inc., a wholly-owned subsidiary of New Valley, options to acquire 500,000 shares of Common Stock at \$5.75 per share, which fully vested upon the completion of the IPO. Such options were issued in connection with services provided on behalf of the Company's IPO, for Preferred Stock equity placement by New Valley, and for the Loan Agreement provided to the Company by New Valley. For financial reporting purposes, the Company has recorded \$125,000 of the value assigned to these options as a dividend on Preferred Stock for the period January 1, 1997 through May 22, 1997, of which \$79,225 relates to the first quarter of 1997. In addition, the Company has recorded imputed interest expense of \$70,000 arising from the issuance of such options during the period from January 1, 1997 through May 22, 1997, of which \$44,366 relates to the first quarter of 1997.

(4) STOCK OPTION PLAN

The Company has a stock option plan, "1997 Stock Option Plan" (the "1997 Plan"). The 1997 Plan provides for the grant of options to purchase the Company's stock to the employees of the Company. Subject to certain limitations under the 1997 Plan, the number of awards, the terms and conditions of any award granted thereunder (including, but not limited to, the exercise price, grant price or purchase price) are at the discretion of the Board of Directors. The Board of Directors had set aside 750,000 shares of the Company's common stock for issuance under the 1997 Plan. In January 1997, the Company's Board of Directors authorized the grant of 404,000 stock options at an exercise price of \$4.40 under the 1997 Plan. One third of such options vested upon the completion of the IPO and one third will vest at the end of each of the first and second years thereafter. When granted, the Company determined the fair market value of each of the Company's shares to be \$4.40, post-stock split; accordingly, no compensation expense was

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED) (UNAUDITED)

recognized for these options. In April and May 1997, an aggregate of 102,000 stock options were granted at an exercise price of \$5.50 per share, of which 15,060 became exercisable on the completion of the IPO. All stock options under the 1997 Plan are subject to an eighteen month lock-up agreement with the underwriter of the IPO which expires November 1998.

Stock options issued in 1995 and 1996 under a 1994 stock option plan which was terminated in 1997, vest over a three-year period and have an exercise price of \$11.50 per share. At March 31, 1997, 3,455 of the granted options were outstanding and exercisable.

Additionally, in connection with its IPO, the Company granted to the underwriter of the offering options to purchase 73,600 units, at the price of \$5.75. Each unit consists of one share of Common Stock and one warrant to purchase an additional share at the price of \$5.75.

In addition to the options issued in connection with the stock option plans, the Company has granted other parties certain stock options as described in Note 3.

(5) PREFERRED STOCK

The Company has the authority to issue 10,000 shares of Preferred Stock, which may be issued from time to time in one or more series. In May 1995, the Company sold and issued 1,820 shares of Series A Cumulative Convertible Preferred Stock, \$.01 par value. Dividends at an annual rate of \$55 per share on the Series A Preferred Stock are cumulative from the date of original issue and are payable annually in arrears, when and as declared by the Company's Board of Directors.

On January 29, 1997, all 1,820 outstanding shares of Preferred Stock were converted into 8,626 shares of Common Stock, and the cumulative dividends on the Preferred Stock of \$171,953 were subsequently declared and paid on May 22, 1997 out of the net proceeds of the IPO.

(6) PRO FORMA FINANCIAL INFORMATION

On May 21, 1997, the Company received gross proceeds of \$6,843,938 from the sale of the 1,322,500 units after the underwriting discount. After offering expenses of approximately \$750,000, repayment of the amounts advanced under the Loan Agreement, the payment of Preferred Dividends, and the payment of a consulting fee to the underwriters of \$80,000, the Company had approximately \$5.4 million remaining from the proceeds of the IPO for working capital purposes.

The following table presents the Company's pro forma unaudited stockholders' equity as of March 31, 1997 assuming the then outstanding 12,866 shares of Common Stock were converted into 2,222,390 shares of Common Stock pursuant to a 172.7336-for-1 stock split, certain stockholders contributed 632,390 shares to the Company, the issuance of 60,000 shares of Common Stock to the Company's counsel, and the completion of the IPO of 1,322,500 units

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PC411, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS - (Continued)
(Unaudited)

(including 172,500 units from the exercise of the Underwriter's over allotment option), each unit consisting of one share of Common Stock and one Redeemable Class A Warrant occurred on March 31, 1997.

<TABLE>
<CAPTION>

	MARCH 31, 1997

<S>	<C>
Pro Forma Stockholders' Equity:	
Preferred stock, \$.01 par value. Authorized 10,000 shares; no issued and outstanding shares.....	\$ --
Common stock, \$.01 par value. Authorized 25,000,000 shares; issued and outstanding 2,972,500 shares.....	29,725
Additional paid-in capital.....	7,389,223
Accumulated deficit during the development stage.....	(1,807,753)

Net stockholders' equity.....	\$ 5,611,195
	=====

</TABLE>

PC411, INC.

(A DEVELOPMENT STAGE COMPANY)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Financial Condition and Results of Operations of the Company should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto included in the Company's Registration Statement on Form SB-2 (No. 333-21545) relating to its initial public offering, which was completed in May 1997.

OVERVIEW

The Company currently provides an on-line electronic directory assistance service that gives its customers access to over 110 million U.S. and Canadian residence and business telephone numbers, addresses and ZIP codes. The PC411 service is available on a direct-dial basis with a personal computer, a modem, and either the Company's proprietary, copyrighted software program, PC411 FOR WINDOWS, or an Internet browser. The PC411 service is available over the Internet at the address [HTTP://WWW.PC411.COM](http://WWW.PC411.COM). The Company is a development stage enterprise. Since its inception in December 1993, the Company has devoted substantially all of its expenditures (approximately \$1.8 million through March 31, 1997) to the development of the PC411 service. The Company introduced the first version of the PC411 service in December 1994.

Given its limited operating history, the Company and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the new and rapidly evolving markets for on-line and internet services. To address these risks, the Company must, among other things, continue to respond to competitive developments, attract, retain and motivate qualified personnel, implement and successfully execute its sales and marketing strategy, create and distribute a version of PC411 FOR WINDOWS for other operating systems, develop relationships with third parties for purposes of general distribution and specific industry penetration and upgrade its technologies and services. There can be no assurance that the Company will be successful in addressing such risks.

The limited operating history of the Company makes the prediction of future results of operations difficult or impossible. The Company believes that period to period comparisons of its operating results for any period should not be relied upon as an indication of future performance. The Company currently expects to significantly increase its operating expenses as it builds its sales and marketing staff, increases product development spending, and invests in infrastructure. As a result, the Company expects to continue to incur significant losses on a quarterly and annual basis for the foreseeable future.

In addition, the Company does not have historical financial data for any significant period of time on which to base planned operating expenses. The Company's expense levels are based in part on its expectations concerning future revenue and to a large extent are fixed. Quarterly revenues and operating results depend substantially upon signing up new customers and retaining such customers which are difficult to forecast accurately. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenue in relation to the Company's expectations would have an immediate adverse effect on the Company's business, results of operations and financial condition. In addition, the Company currently expects to increase significantly its operating expenses as it builds its sales and marketing staff, increases product

PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

development spending, and invests in infrastructure. To the extent that such expenses precede or are not subsequently followed by increased revenues, the Company's business, results of operations and financial condition will be materially and adversely affected.

The Company licenses its database and pays a percentage of revenues earned from the display of the listing data, with minimum quarterly payments. The Company typically charges its customers a registration fee and then on a per use basis, or an annual subscription fee. The Company has entered into distribution agreements with three computer equipment manufacturers and one modem manufacturer, pursuant to which PC411 FOR WINDOWS will be installed on a computer's hard drive or a copy of PC411 FOR WINDOWS will be included with the purchase of a modem. The Company pays a distribution fee to the three computer equipment manufacturers and one modem manufacturer for the distribution of PC411 FOR WINDOWS either based upon the number of new customers that sign up for the PC411 service or the revenues that such new customers generate.

Although the Company has experienced revenue growth in recent months due to these bundling agreements, there can be no assurance that revenues of the Company will continue to increase, that revenues will continue at their current level, that the Company will be able to maintain these arrangements, or that the Company will enter into additional bundling agreements with other third parties. The Company has recently been notified by Sony that as of June 1997 it will no longer include in its new releases products, such as PC411 FOR WINDOWS, which require users to pay for services. Sony accounted for less than 10% of the Company's customers during the three months ended March 31, 1997.

The Company's operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. These factors include the level of usage of the Internet, demand for Internet advertising, the continued growth of private intranets, the amount and timing of capital expenditures and other costs relating to the expansion of the Company's operations, the introduction of new products or services by the Company or its competitors, pricing changes in the industry, technical difficulties with respect to the use of the PC411 service, general economic conditions and economic conditions specific to on-line services and the Internet. As a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions that could have a material adverse effect on the Company's business, results of operations and financial condition.

INITIAL PUBLIC OFFERING

On May 21, 1997, the Company completed an initial public offering ("IPO") of 1,322,500 units (including 172,500 units from the exercise of the Underwriter's over allotment option), each unit consisting of one share of Common Stock and one Redeemable Class A Warrant to purchase a share of Common Stock. The units were sold for \$5.75 each and the Company received, after expenses of the IPO, approximately \$6.1 million in net proceeds. Immediately prior to the IPO, the then outstanding 12,866 shares of Common Stock were converted into 2,222,390 shares of Common Stock pursuant to a 172.7336-for-1 stock split. Certain stockholders contributed 632,390 shares to the Company resulting

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

in 1,590,000 shares outstanding. In addition, the Company issued an additional 60,000 shares to its legal counsel in connection with services rendered for the IPO. As a result of the foregoing, at May 23, 1997 the Company had 2,972,500 shares outstanding.

RESULTS OF OPERATIONS

REVENUES. The Company's revenues have been derived from registration fees and usage charges for the modem dial-up PC411 service. Revenues are recognized over the period in which the related services are to be provided. Revenues for the three months ended March 31, 1997 were \$41,550 compared to \$11,556 for the same

period in the prior year. The increase in revenues were due primarily to the bundling arrangements with IBM and U.S. Robotics.

COST OF REVENUES. Cost of revenues consists primarily of the cost of data and the distribution fees paid to IBM and U.S. Robotics. The Company's contract for the listing data provides for a specified percentage of revenues that the Company generates from the distributing the data, with minimum quarterly payments. To date, the Company has been only required to pay the minimum quarterly payments. Cost of revenues for the three months ended March 31, 1997 were \$30,659 as compared to \$13,242 for the same period in the prior year. The increase is due primarily to the bundling arrangements with IBM and U.S. Robotics.

RESEARCH AND DEVELOPMENT. Research and development expenses consist primarily of employee compensation associated with the design, programming, and testing of the PC411 service. Research and development expenses were \$7,843 and \$76,159 for the three months ended March 31, 1997 and 1996, respectively. The decrease in research and development was primarily attributable to a decrease in the number of programmer hours.

SALES AND MARKETING EXPENSES. Sales and marketing expenses consist primarily of public relations, print advertising, and trade shows. Sales and marketing expenses for the three months ended March 31, 1997 and 1996 were \$15,855 and \$13,435, respectively.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist primarily of expenses for administration, office operations, and general management activities, including legal, accounting, and other professional fees. General and administrative expenses were \$129,858 and \$125,581 for the three months ended March 31, 1997 and 1996, respectively.

OTHER INCOME (EXPENSE). Interest expense was \$57,746 for the three months ended March 31, 1997 as compared to interest income of \$2,945 for the same period in the prior year. The interest expense was attributed entirely to the loan from New Valley Corporation ("NVC"), an indirect majority owner of the Company. Included in interest expense was \$35,000 in imputed interest attributable to stock options granted to Direct Assist Holding Inc. ("DAH"), a wholly-owned subsidiary of NVC, on January 29, 1997.

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

INCOME TAXES; NET OPERATING LOSS. The Company had no income and therefore made no provision for federal or state income taxes other than the required California state minimum tax of \$800. At March 31 1997, the Company had approximately \$1,400,000 of federal net operating loss carryforwards for tax reporting purposes available to offset future taxable income, if any. The amounts of and the benefits from net operating loss carryforwards are subject to certain limitations and these net operating loss carryforwards expire in 2010.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception the Company has financed its operations primarily through the private placement of Preferred Stock and secured short term borrowings from NVC. The Company has not been able to generate sufficient cash from operations and, as a consequence, additional financing has been required to fund ongoing operations. Cash used in operations for the three months ended March 31, 1997 and 1996 was \$220,442 and \$205,665, respectively. The increase in the cash used in operations in 1997 as compared to 1996 was due primarily to prepaid expenses of \$90,473 paid in the first quarter of 1997 related to IPO costs.

Capital expenditures for the three months ended March 31, 1997 were \$2,822 as compared to \$5,071 for the three months ended March 31, 1996. These expenditures were primarily for computer equipment.

Cash provided by financing activities for the three months ended March 31, 1997

was \$250,558, all of which was advanced by NVC under a loan agreement. On May 22, 1997, the Company issued to NVC warrants in satisfaction of \$250,000 of indebtedness under the NVC loan agreement and net proceeds from the IPO were used to repay NVC the then remaining outstanding balance of the loan and accrued interest of \$447,064. Financing for the cash used in operations for the three months ended March 31, 1996 was provided through the sale of 1,820 shares of Preferred Stock to DAH for \$1,001,000 on May 28, 1995. On January 29, 1997, the Company converted the 1,820 shares of Preferred Stock into 8,626 shares of Common Stock and paid the cumulative dividends thereon of \$171,953 on May 22, 1997 out of net proceeds from the IPO.

As noted above, the Company completed the sale of 1,322,500 units at a price of \$5.75 per unit and received net proceeds after IPO expenses of approximately \$6.1 million. After the repayment of the NVC loan, cumulative Preferred Stock dividends, and an \$80,000 consulting fee to the Underwriter of the IPO, the Company had approximately \$5.4 million to use to complete the introduction of the PC411 service over the Internet, to expand marketing, sales and advertising, to develop or acquire new services or databases, and for general corporate purposes.

The Company expects that its cash used in operating activities will increase in the future. The timing of the Company's future capital requirements, however, cannot be accurately predicted. The Company's capital requirements depend upon numerous factors, principally the acceptance and use of the PC411 services and the Company's ability to generate advertising revenue. If capital requirements vary materially from those currently planned, the Company may require additional financing, including, but not limited to the sale of equity or debt securities. The Company has no commitments for any additional financing, and there can be no assurance that any such commitments can be obtained.

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

Any additional equity financing may be dilutive to the Company's existing stockholders, and debt financing, if available, may involve pledging some or all of the Company's assets and may contain restrictive covenants with respect to raising future capital and other financial and operational matters. The Company believes that the net proceeds from the IPO will be sufficient to meet the Company's operations and capital requirements for the next 12 months, although there can be no assurance in this regard. Although there can be no assurance, management believes that the Company will be able to continue as a going concern for the next 12 months.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Company and its representatives may from time to time make oral or written "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995 (the "Reform Act"), including any statements that may be contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations", in this report and in other filings with the Securities and Exchange Commission and in its reports to stockholders, which represent the Company's expectations or beliefs with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties and, in connection with the "safe-harbor" provisions of the Reform Act, the Company is hereby identifying important factors that could cause actual results to differ materially from those contained in any forward-looking statements made by or on behalf of the Company.

The Company's plans and objectives are based, in part, on assumptions involving the continued growth and expansion of the Internet, the Company's ability to market successfully the PC411 service and related services to the SOHO (small office/home office) market and to private intranets as a more convenient and reliable alternative to current comparable and widely used services and that there will be no unanticipated material adverse change in the Company's business. Assumptions relating to the foregoing involve judgments with respect

to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company.

Results actually achieved may differ materially from expected results included in these statements as a result of these or other factors particularly in light of the Company's early stage operations. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date on which such statements are made. The Company does not undertake to update any forward-looking statement that may be made from time to time on behalf of the Company.

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

- 1.1 Underwriting Agreement dated May 14, 1997 between the Company and Biltmore Securities, Inc.
- 3.1 Restated Certificate of Incorporation of the Company
- 3.2 Amendment to Restated Certificate of Incorporation of the Company
- 3.3 Amended and Restated By-Laws of the Company
- 4.3 Purchase Option Agreement dated May 14, 1997 between the Company and Biltmore Securities, Inc.
- 4.4 Warrant Agreement dated as of May 14, 1997 between the Company and American Stock Transfer & Trust Company
- 10.1 1997 Stock Option Plan of the Company
- 10.2 Option Agreement effective as of January 29, 1997 between the Company and Direct Assist Holding Inc.
- 27. Financial Data Schedule (for SEC use only)

(b) REPORTS ON FORM 8-K

None

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PC411, INC.
(A DEVELOPMENT STAGE COMPANY)

SIGNATURE

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

PC411, INC.
(Registrant)

Date: June 28, 1997

By: /s/ Robert M. Lundgren

Robert M. Lundgren
Vice President, Treasurer
and Chief Financial Officer
(Duly Authorized Officer and
Chief Accounting Officer)

Exhibit 1.1

1,150,000 Units

PC411, INC.

UNDERWRITING AGREEMENT

New York, New York
May 14, 1997

Biltmore Securities, Inc.
6700 N. Andrews Avenue
Fort Lauderdale, Florida 33309

PC411, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to you (the "Underwriter") 1,150,000 units (the "Units") each Unit consisting of one (1) share (collectively, the "Shares") of Common Stock, par value \$.01 per share ("Common Stock") and one (1) Redeemable Class A Common Stock Purchase Warrant (collectively, the "Warrants"), each to purchase one share of Common Stock at an initial exercise price of \$6.10 at any time during the period commencing one (1) year from May 14, 1997 and terminating four (4) years thereafter (the "Warrant Exercise Period"). In addition, the Company proposes to grant to the Underwriter the option referred to in Section 2(b) to purchase all or any part of an aggregate of 172,500 additional Units. The Units, the Shares and the Warrants included in the Units are sometimes hereinafter referred to as the "Securities". Immediately after the offering the Shares and Warrants, included in the Units will trade separately. The Warrant exercise price is subject to adjustment under certain circumstances.

You have advised the Company that you desire to purchase the Units, together with all or any part of the 172,500 additional Units which the Underwriter has the option to purchase. The Company confirms the agreement made by them with respect to the purchase of the Units by the Underwriter as follows:

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1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with you that:

(a) A registration statement (File No. 333-21545) on Form SB-2 relating to the public offering of the Units, including a form of prospectus subject to completion, copies of which have heretofore been delivered to you, has been prepared in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission under the Act and one or more amendments to such registration statement may have been so filed. After the execution of this Agreement, the Company will file with the Commission either (i) if such registration statement, as it may have been amended, has been declared by the Commission to be effective under the Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been filed, in such registration statement), with such changes or insertions as are required by Rule 430A under the Act or permitted by Rule 424(b) under the Act and as have been provided to and approved by you prior to the execution of this Agreement, or (ii) if such registration statement, as it may have been amended, has not been declared by the Commission to be effective under the Act, an amendment to such registration statement, including a form of prospectus, a copy of which amendment has been furnished to and approved by you prior to the execution of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was or is declared effective, including all financial schedules and exhibits thereto and including any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined); the term "Preliminary Prospectus" means each Prospectus subject to completion filed with such Registration Statement or any amendment thereto (including the prospectus subject to completion, if any, included in the Registration Statement or any amendment thereto at the time it was or is declared effective); and the term

"Prospectus" means the prospectus first filed with the Commission pursuant to Rule 424(b) under the Act, or, if no prospectus is required to be filed pursuant to said Rule 424(b), such term means the prospectus included in the Registration Statement; except that if such Registration Statement or

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prospectus is amended or such prospectus is supplemented, after the effective date of such registration statement, and prior to the Option Closing Date (as hereinafter defined), the terms "Registration Statement" and "Prospectus" shall include such registration statement and prospectus as so amended, and the term "Prospectus" shall include the prospectus as so supplemented, or both, as the case may be.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. At the time the Registration Statement becomes effective and at all times subsequent thereto up to and on the First Closing Date (as hereinafter defined) or the Option Closing Date, as the case may be, (i) the Registration Statement and Prospectus will in all material respects conform to the requirements of the Act and the Rules and Regulations; and (ii) neither the Registration Statement nor the Prospectus will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make statements therein not misleading; provided, however, that the Company makes no representations, warranties or agreements as to information contained in or omitted from the Registration Statement or Prospectus in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of the Underwriter specifically for use in the preparation thereof. It is understood that the statements set forth in the Prospectus on page 2 with respect to stabilization, all descriptions involving litigation of the Underwriter, the "Underwriting" Section of the Prospectus and the identity of counsel to the Underwriter under the heading "Legal Matters" constitute for purposes of this Section and Section 6(b) the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Registration Statement and Prospectus, as the case may be.

(c) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its respective jurisdiction of incorporation, with full corporate power and authority to own its properties and conduct its business as described in the Prospectus and is duly qualified or licensed to do business as a foreign corporation and is in good standing in each other jurisdiction in which the nature of its business or the character or location of its properties requires such qualification, except where the failure to so

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qualify will not materially adversely affect the Company's business, properties or financial condition.

(d) The authorized, issued and outstanding capital stock of the Company, including the predecessors of the Company, as of December 31, 1996 is as set forth in the Prospectus under "Capitalization"; the shares of issued and outstanding capital stock of the Company set forth thereunder have been duly authorized, validly issued and are fully paid and nonassessable; except as set forth in the Prospectus, no options, warrants, or other rights to purchase, agreements or other obligations to issue, or agreements or other rights to convert any obligation into, any shares of capital stock of the Company have been granted or entered into by the Company other than options for fifty thousand (50,000) shares of Common Stock exercisable at \$5.50 per share granted to employees of the Company under the PC411 Stock Option Plan; and the capital stock conforms to all statements relating thereto contained in the Registration Statement and Prospectus.

(e) The Shares included in the Units are duly authorized, and when issued and delivered pursuant to this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights of any security holder of the Company. Neither the filing of the Registration Statement nor the offering or sale of the Shares included in the Units as contemplated in this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any

shares of Common Stock, except as described in the Registration Statement.

The Warrants included in the Units have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, issued and delivered and will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the right of creditors generally or by general equitable principles, and entitled to the benefits provided by the warrant agreement pursuant to which such Warrants are to be issued (the "Warrant Agreement"), which will be substantially in the form filed as an exhibit to the Registration Statement. The shares of Common Stock issuable upon exercise of the Warrants

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have been reserved for issuance upon the exercise of the Warrants and when issued in accordance with the terms of the Warrants and Warrant Agreement, will be duly and validly authorized, validly issued, fully paid and non-assessable, and free of preemptive rights and no personal liability will attach to the ownership thereof. The Warrant Agreement has been duly authorized and, when executed and delivered pursuant to this Agreement, will have been duly executed and delivered and will constitute the valid and legally binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the rights of creditors generally or by general equitable principles. The Warrants and Warrant Agreement conform to the respective descriptions thereof in the Registration Statement and Prospectus.

The Securities contained in the Underwriter's Option (as defined as the Underwriter's Option in the Registration Statement) have been duly authorized and, when duly issued and delivered, such securities will constitute a valid and legally binding obligation of the Company enforceable in accordance with its terms and entitled to the benefits provided by the Underwriter's Option, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the rights of creditors generally or by general equitable principles and the indemnification contained in paragraph 7 of the Underwriter's Option may be unenforceable. The Shares included in the Underwriter's Option (and the shares of Common Stock issuable upon exercise of the Warrants included therein) when issued and sold, will be duly authorized, validly issued, fully paid and non-assessable and free of preemptive rights and no personal liability will attach to the ownership thereof.

(f) This Agreement and the Underwriter's Option have been duly and validly authorized, executed, and delivered by the Company. The Company has full power and authority to authorize, issue, and sell the Securities to be sold by it hereunder on the terms and conditions set forth herein, and no consent, approval, authorization or other order of any governmental authority is required in connection with such authorization, execution and delivery or in connection with the authorization, issuance, and sale of the Securities or the Underwriter's Option, except such as may be required under the Act or state securities laws.

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(g) Except as described in the Prospectus, or which would not have a material adverse effect on the condition (financial or otherwise), business prospects, net worth or properties of the Company and Subsidiaries taken as a whole (a "Material Adverse Effect"), to the best of their knowledge the Company and Subsidiaries are not in material violation, breach, or default of or under, and consummation of the transactions herein contemplated and the fulfillment of the terms of this Agreement will not conflict with, or result in a material breach or violation of, any of the terms or provisions of, or constitute a material default under, or result in the creation or imposition of any material lien, charge, or encumbrance upon any of the property or assets of the Company pursuant to the terms of, any material indenture, mortgage, deed of trust, loan agreement, or other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the articles of incorporation or the by-laws of the Company, as amended, or any statute or any order, rule or regulation applicable to the Company of any court or of any regulatory authority or other

governmental body having jurisdiction over the Company.

(h) Subject to the qualifications stated in the Prospectus, to the best of their knowledge the Company has good and marketable title to all properties and assets described in the Prospectus as owned by it, free and clear of all liens, charges, encumbrances or restrictions, except such as are not materially significant or important in relation to their business; subject to the qualifications stated in the Prospectus, to the best of their knowledge all of the material leases and subleases under which the Company is the lessor or sublessor of properties or assets or under which the Company holds properties or assets as lessee or sublessee as described in the Prospectus are in full force and effect, and, except as described in the Prospectus, to the best of their knowledge the Company is not in default in any material respect with respect to any of the terms or provisions of any of such leases or subleases, and, to the best knowledge of the Company, no claim has been asserted by anyone adverse to rights of the Company as lessor, sublessor, lessee, or sublessee under any of the leases or subleases mentioned above, or affecting or questioning the right of the

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Company to continued possession of the leased or subleased premises or assets under any such lease or sublease except as described or referred to in the Prospectus; and the Company owns or leases all such properties described in the Prospectus as are necessary to its operations as now conducted.

(i) KPMG Peat Marwick, LLP, independent auditors, who have given their reports on certain financial statements filed with the Commission as a part of the Registration Statement, are with respect to the Company, independent public accountants as required by the Act and the Rules and Regulations.

(j) The financial statements, and schedules together with related notes, set forth in the Prospectus or the Registration Statement present fairly the financial position and results of operations and changes in cash flow position of the Company on the basis stated in the Registration Statement, at the respective dates and for the respective periods to which they apply. To the best of the Company's knowledge, said statements and schedules and related notes have been prepared in accordance with generally accepted accounting principles applied on a basis which is consistent during the periods involved except as disclosed in the Prospectus, the Registration Statement and the financial statements and notes thereto. The information set forth under the caption "Selected Financial Data" in the Prospectus fairly present, on the basis stated in the Prospectus, the information included therein.

(k) Subsequent to the respective dates as of which information is given in the Registration Statement and Prospectus and except as otherwise disclosed or contemplated therein, the Company has not incurred any liabilities or obligations, direct or contingent, not in the ordinary course of business, or entered into any transaction not in the ordinary course of business, which would have a Material Adverse Effect, and there has not been any change in the capital stock of, or any incurrence of short-term or long-term debt by, the Company or any issuance of options, warrants or other rights to purchase the capital stock of the Company or any Material Adverse Effect or any development involving, so far as the Company can now reasonably foresee, a prospective Material Adverse Effect.

(l) Except as set forth in the Prospectus, there is

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not now pending or, to the knowledge of the Company, threatened, any action, suit or proceeding to which the Company is a party before or by any court or governmental agency or body, which might result in any Material Adverse Effect, nor are there any actions, suits or proceedings related to environmental matters or related to discrimination on the basis of age, sex, religion or race; and no labor disputes involving the employees of the Company exist or to the knowledge of the Company, are threatened which might be reasonably expected to have a Material Adverse Effect.

(m) Except as disclosed in the Prospectus, the Company has filed all necessary federal, state, and foreign income and franchise tax returns required to be filed as of the date hereof and have paid all taxes shown as due thereon; and there is no tax deficiency which has been asserted against the Company or the Subsidiaries.

(n) Except as disclosed in the Registration Statement, to the best of its knowledge the Company, has sufficient licenses, permits, and other governmental authorizations currently necessary for the conduct of its business or the ownership of its properties as described in the Prospectus and is in all material respects complying therewith and owns or possesses adequate rights to use all material patents, patent applications, trademarks, service marks, trade-names, trademark registrations, service mark registrations, copyrights, and licenses necessary for the conduct of such business and has not received any notice of conflict with the asserted rights of others in respect thereof. To the best knowledge of the Company, none of the activities or business of the Company are in violation of, or cause the Company to violate, any law, rule, regulation, or order of the United States, any state, county, or locality, or of any agency or body of the United States or of any state, county or locality, the violation of which would have a Material Adverse Effect.

(o) The Company has not, directly or indirectly, at any time (i) made any contributions to any candidate for political office, or failed to disclose fully any such contribution in violation of law or (ii) made any payment to any state, federal or foreign governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments or contributions required or allowed by

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applicable law.

(p) On the First Closing Date (as hereinafter defined) all transfer or other taxes, (including franchise, capital stock or other tax, other than income taxes, imposed by any jurisdiction) if any, which are required to be paid in connection with the sale and transfer of the Securities to the Underwriter hereunder will have been fully paid or provided for by the Company and all laws imposing such taxes will have been complied with in all material respects.

(q) All contracts and other documents of the Company which are, under the Rules and Regulations, required to be filed as exhibits to the Registration Statement have been so filed.

(r) Except as disclosed in the Registration Statement, the Company has no subsidiaries.

(s) Except as disclosed in the Registration Statement, the Company has not entered into any agreement pursuant to which any person is entitled either directly or indirectly to compensation from the Company for services as a finder in connection with the proposed public offering.

(t) Except as disclosed in the Prospectus and in the attached correspondence from New Valley Corporation, no officer, director, or stockholder of the Company has any National Association of Securities Dealers, Inc. (the "NASD") affiliation.

(u) No other firm, corporation or person has any rights to underwrite an offering of any of the Company's securities.

2 PURCHASE, DELIVERY AND SALE OF THE SECURITIES

(a) Subject to the terms and conditions of this Agreement, and upon the basis of the representations, warranties, and agreements herein contained, the Company agrees to issue and sell to the Underwriter, and the Underwriter agrees to buy from the Company at \$5.175 per Unit, at the place and time hereinafter specified, 1,150,000 Units (the "First Units").

Delivery of the First Units against payment

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therefor, in immediately available funds, shall take place at the offices of Bernstein & Wasserman, LLP, 950 Third Avenue, New York, New York (or at such other place as may be designated by agreement between the Underwriter and the Company) at 10:00 a.m., New York time, three days after the commencement of trading of the Securities on the NASD OTC Electronic Bulletin Board or at such later time and date as the Underwriter may designate in writing to the Company at least two business days prior to such purchase, but not later than December 31, 1997 such time and date of payment and delivery for the First Units being herein called the "First Closing Date."

(b) In addition, subject to the terms and conditions of this Agreement, and upon the basis of the representations, warranties and agreements herein contained, the Company hereby grants an option to the Underwriter to purchase all or any part of an aggregate of an additional 172,500 Units at the same price per Unit as the Underwriter shall pay for the First Units being sold pursuant to the provisions of subsection (a) of this Section 2 (such additional Units being referred to herein as the "Option Units"). This option may be exercised within 30 days after the effective date of the Registration Statement upon written notice by the Underwriter to the Company advising as to the amount of Option Units as to which the option is being exercised, the names and denominations in which the certificates for such Option Units are to be registered and the time and date when such certificates are to be delivered. Such time and date shall be determined by the Underwriter but shall not be earlier than four nor later than ten full business days after the exercise of said option (but in no event more than 40 days after the First Closing Date), nor in any event prior to the First Closing Date, and such time and date is referred to herein as the "Option Closing Date." Delivery of the Option Units against payment therefor shall take place at the offices of Bernstein & Wasserman, LLP, 950 Third Avenue, New York, New York (or at such other place as may be designated by agreement between the Underwriter and the Company). The Option granted hereunder may be exercised only to cover over-allotments in the sale by the Underwriter of First Units referred to in subsection (a) above. No Option Units shall be delivered unless all First Units shall have been delivered to the Underwriter as provided herein.

(c) The Company will make the certificates for the

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Securities to be purchased by the Underwriter hereunder available to the Underwriter for checking at least two full business days prior to the First Closing Date or the Option Closing Date, (which are collectively referred to herein as the "Closing Dates"). The certificates shall be in such names and denominations as the Underwriter may request, at least three full business days prior to the First Closing Date. Delivery of the certificates at the time and place specified in this Agreement is a further condition to the obligations of the Underwriter.

Definitive certificates in negotiable form for the Securities to be purchased by the Underwriter hereunder will be delivered by the Company to the Underwriter for the account of the Underwriter against payment of the respective purchase prices by the Underwriter, by wire transfer in immediately available funds, payable to the Company.

In addition, in the event the Underwriter exercises the option to purchase from the Company all or any portion of the Option Units pursuant to the provisions of subsection (b) above, payment for such Units shall be made to or upon the order of the Company by certified or bank cashier's checks payable in immediately available funds at the offices of Bernstein & Wasserman, LLP, 950 Third Avenue, New York, New York (or at such other place as may be designated by agreement between the Underwriter and the Company), at the time and date of delivery of such Units as required by the provisions of subsection (b) above, against receipt of the certificates for such Units by the Underwriter for the Underwriter's account registered in such names and in such denominations as the Underwriter may reasonably request.

It is understood that the Underwriter proposes to offer the Securities to be purchased hereunder to the public upon the terms and conditions set forth in the Registration Statement, after the Registration Statement becomes effective.

with the Underwriter that:

(a) The Company will use its best efforts to cause the Registration Statement to become effective. If required, the Company will file the Prospectus and any amendment or supplement

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thereto with the Commission in the manner and within the time period required by Rule 424(b) under the Act. Upon notification from the Commission that the Registration Statement has become effective, the Company will so advise the Underwriter and will not at any time, whether before or after the effective date, file any amendment to the Registration Statement or supplement to the Prospectus of which the Underwriter shall not previously have been advised and furnished with a copy or to which the Underwriter or its counsel shall have reasonably objected in writing or which is not in compliance with the Act and the Rules and Regulations. At any time prior to the later of (A) the completion by the Underwriter of the distribution of the Securities contemplated hereby (but in no event more than nine months after the date on which the Registration Statement shall have become or been declared effective) and (B) 90 days after the date on which the Registration Statement shall have become or been declared effective, the Company will prepare and file with the Commission, promptly upon the Underwriter's request, any amendments or supplements to the Registration Statement or Prospectus which, in the opinion of counsel to the Company and the Underwriter, may be reasonably necessary or advisable in connection with the distribution of the Securities.

As soon as the Company is advised thereof, the Company will advise the Underwriter, and provide the Underwriter copies of any written advice, of the receipt of any comments of the Commission, of the effectiveness of any post-effective amendment to the Registration Statement, of the filing of any supplement to the Prospectus or any amended Prospectus, of any request made by the Commission for an amendment of the Registration Statement or for supplementing of the Prospectus or for additional information with respect thereto, of the issuance by the Commission or any state or regulatory body of any stop order or other order or threat thereof suspending the effectiveness of the Registration Statement or any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering in any jurisdiction, or of the institution of any proceedings for any of such purposes, and will use its best efforts to prevent the issuance of any such order, and, if issued, to obtain as soon as possible the lifting thereof.

The Company has caused to be delivered to the

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Underwriter copies of each Preliminary Prospectus, and the Company has consented and hereby consents to the use of such copies for the purposes permitted by the Act. The Company authorizes the Underwriter and dealers to use the Prospectus in connection with the sale of the Securities for such period as in the opinion of counsel to the Underwriter and the Company the use thereof is required to comply with the applicable provisions of the Act and the Rules and Regulations. In case of the happening, at any time within such period as a Prospectus is required under the Act to be delivered in connection with sales by the Underwriter or any dealer, of any event of which the Company has knowledge and which has a Material Adverse Effect on the Company or the securities of the Company, or which in the opinion of counsel for the Company and counsel for the Underwriter should be set forth in an amendment of the Registration Statement or a supplement to the Prospectus in order to make the statements therein not then misleading, in light of the circumstances existing at the time the Prospectus is required to be delivered to a purchaser of the Securities or in case it shall be necessary to amend or supplement the Prospectus to comply with law or with the Rules and Regulations, the Company will notify the Underwriter promptly and forthwith prepare and furnish to the Underwriter copies of such amended Prospectus or of such supplement to be attached to the Prospectus, in such quantities as the Underwriter may reasonably request, in order that the Prospectus, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material facts necessary in order to make the statements in the Prospectus, in the light of the circumstances under which they are made, not misleading. The preparation and furnishing of any such amendment or supplement to the Registration Statement or amended Prospectus or supplement to be

attached to the Prospectus shall be without expense to the Underwriter, except that in case the Underwriter is required, in connection with the sale of the Securities to deliver a Prospectus nine months or more after the effective date of the Registration Statement, the Company will upon request of and at the expense of the Underwriter, amend or supplement the Registration Statement and Prospectus and furnish the Underwriter with reasonable quantities of prospectuses complying with Section 10(a)(3) of the Act.

The Company will comply with the Act, the Rules and Regulations and the Securities Exchange Act of 1934 (the

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"Exchange Act") and the rules and regulations thereunder in connection with the offering and issuance of the Securities.

(b) The Company will furnish such information as may be required and to otherwise cooperate and use its best efforts to qualify to register the Securities for sale under the securities or "blue sky" laws of such jurisdictions as the Underwriter may designate and will make such applications and furnish such information as may be required for that purpose and to comply with such laws, provided the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to execute a general consent of service of process in any jurisdiction in any action other than one arising out of the offering or sale of the Securities. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for so long a period as the counsel to the Company and the Underwriter deem reasonably necessary.

(c) If the sale of the Securities provided for herein is not consummated as a result of the Company not performing its obligations hereunder in all material respects, the Company shall pay all costs and expenses incurred by it which are incident to the performance of the Company's obligations hereunder, including but not limited to, all of the accountable out of pocket expenses of the Underwriter up to \$100,000.00 (including the reasonable fees and expenses of counsel to the Underwriter).

(d) The Company will use its best efforts to (i) cause a registration statement under the Exchange Act to be declared effective concurrently with the completion of this offering and will notify the Underwriter in writing immediately upon the effectiveness of such registration statement, and (ii) obtain and keep current a listing in the Standard & Poors Corporation Description or Moody's OTC Industrial Manual.

(e) For so long as the Company is a reporting company under either Section 12(g) or 15(d) of the Exchange Act of 1934, the Company, at its expense, will furnish to its stockholders an annual report (including financial statements audited by independent public accountants), in reasonable detail and at its expense, will furnish to the Underwriter during the period ending five (5) years from the date hereof, (i) as soon as practicable

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after the end of each fiscal year, but no earlier than the filing of such information with the Commission a balance sheet of the Company and any of its subsidiaries as at the end of such fiscal year, together with statements of income, surplus and cash flow of the Company and any subsidiaries for such fiscal year, all in reasonable detail and accompanied by a copy of the certificate or report thereon of independent accountants; (ii) as soon as practicable after the end of each of the first three fiscal quarters of each fiscal year, but no earlier than the filing of such information with the Commission, consolidated summary financial information of the Company for such quarter in reasonable detail; (iii) as soon as they are publicly available, a copy of all reports (financial or other) mailed to security holders; (iv) as soon as they are publicly available, a copy of all non-confidential reports and financial statements furnished to or filed with the Commission or any securities exchange or automated quotation system on which any class of securities of the Company is listed; and (v) such other information as the Underwriter may from time to time reasonably request. Notwithstanding the above, reports provided by the Company to the Commission shall be deemed satisfactory for the foregoing purposes.

(f) So long as the Company has an active subsidiary or

subsidiaries, such financial statements referred to in subsection (e) above will be on a consolidated basis to the extent the accounts of the Company and its subsidiary or subsidiaries are consolidated in reports furnished to its stockholders generally.

(g) The Company will deliver to the Underwriter at or before the First Closing Date two signed copies of the Registration Statement including all financial statements and exhibits filed therewith, and of all amendments thereto, and will deliver to the Underwriter such number of conformed copies of the Registration Statement, including such financial statements but without exhibits, and of all amendments thereto, as the Underwriter may reasonably request. The Company will deliver to or upon the Underwriter's order, from time to time until the effective date of the Registration Statement, as many copies of any Preliminary Prospectus filed with the Commission prior to the effective date of the Registration Statement as the Underwriter may reasonably request. The Company will deliver to the

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Underwriter on the effective date of the Registration Statement and thereafter for so long as a Prospectus is required to be delivered under the Act, from time to time, as many copies of the Prospectus, in final form, or as thereafter amended or supplemented, as the Underwriter may from time to time reasonably request.

(h) The Company will make generally available to its Common Stock holders and to the registered holders of its Warrants and deliver to the Underwriter as soon as it is practicable to do so but in no event later than 90 days after the end of twelve months after its current fiscal quarter, an earnings statement (which need not be audited) covering a period of at least twelve consecutive months beginning after the effective date of the Registration Statement, which shall satisfy the requirements of Section 11(a) of the Act.

(i) The Company will apply the net proceeds from the sale of the Securities substantially for the purposes set forth under "Use of Proceeds" in the Prospectus, and will file such reports with the Commission with respect to the sale of the Securities and the application of the proceeds therefrom as may be required pursuant to Rule 463 under the Act.

(j) The Company will promptly prepare and file with the Commission any amendments or supplements to the Registration Statement, Preliminary Prospectus or Prospectus and take any other action, which in the opinion of counsel to the Underwriter and counsel to the Company, may be reasonably necessary or advisable in connection with the distribution of the Securities, and will use its best efforts to cause the same to become effective as promptly as possible.

(k) The Company will reserve and keep available that maximum number of its authorized but unissued securities which are issuable upon exercise of the Underwriter's Option outstanding from time to time.

(l) (1) For a period of eighteen (18) months from the effective date of the Registration Statement, no shareholder prior to the offering will, directly or indirectly, publicly offer, sell (including any short sale), grant any option for the sale of, acquire any option to dispose of, or otherwise dispose

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of any shares of Common Stock without the prior written consent of the Underwriter, other than as set forth in the Registration Statement. In order to enforce this covenant, the Company shall impose stop-transfer instructions with respect to the shares owned by every shareholder prior to the offering until the end of such period (subject to any exceptions to such limitation on transferability set forth in the Registration Statement). If necessary to comply with any applicable Blue-sky Law, the shares held by such shareholders will be escrowed with counsel for the Company or otherwise as required.

(2) Except for the issuance of shares of capital stock by the Company in connection with (i) a dividend, recapitalization, reorganization or similar transactions (ii) the exercise of warrants or options disclosed in or issued or granted pursuant to plans disclosed in the Registration Statement and (iii) acquisitions (in whole or in part), mergers, consolidations, joint ventures and other combinations, the Company shall not, for a period of twenty four (24) months following the effective date of the Registration Statement, directly or indirectly, offer, sell or issue any shares of its capital stock, or any security exchangeable or exercisable for, or convertible into, shares of the capital stock, without the prior written consent of the Underwriter.

(m) Upon completion of this offering, the Company will make all filings required, including registration under the Securities Exchange Act of 1934, to obtain the listing of the Units, the Shares and Warrants on the NASD Over-the-Counter Electronic Bulletin Board, and will use its best efforts to effect and maintain a listing on the NASDAQ System or a national securities exchange for at least five years from the date of this Agreement to the extent that the Company has at least 300 record holders of Common Stock.

(n) Except for the transactions contemplated by this Agreement or as otherwise permitted by law, the Company represents that it has not taken and agrees that it will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of the Units, the Shares or the Warrants or to facilitate the sale or resale of the Securities.

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(o) On the First Closing Date and simultaneously with the delivery of the Securities, the Company shall execute and deliver the Underwriter's Option. The Underwriter's Option will be substantially in the form filed as an Exhibit to the Registration Statement.

(p) Intentionally Omitted

(q) Prior to the First Closing Date, the Company will have in force key person life insurance on the life of Mr. Dean R. Eaker and other management personnel in an amount of not less than \$2,000,000.00, payable to the Company, and will use its best efforts to maintain such insurance for a three year period.

(r) So long as any Warrants are outstanding and the exercise price of the Warrants is less than the market price of the Common Stock, the Company shall use its best efforts to cause post-effective amendments to the Registration Statement to become effective in compliance with the Act and without any lapse of time between the effectiveness of any such post-effective amendments and cause a copy of each Prospectus, as then amended, to be delivered to each holder of record of a Warrant and to furnish to the Underwriter and each dealer as many copies of each such Prospectus as such Underwriter or dealer may reasonably request. The Company shall not call for redemption any of the Warrants unless a registration statement covering the securities underlying the Warrants has been declared effective by the Commission and remains current at least until the date fixed for redemption.

(s) For a period of three (3) years from the Effective Date, the Company, at its expense, shall cause its regularly engaged independent certified public accountants to review (but not audit) the Company's financial statements for each of the first three (3) fiscal quarters prior to the announcement of quarterly financial information, the filing of the Company's 10-Q quarterly report and the mailing of quarterly financial information to stockholders, provided that the Company shall not be required to file a report of such accountants relating to such review with the Commission.

(t) Intentionally omitted.

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(u) The Company hereby agrees that:

(1) The Company will pay a finder's fee to the Underwriter, equal to five percent (5%) of the first \$3,000,000 of the consideration involved in any transaction, 4% of the next \$3,000,000 of consideration involved in the transaction, 3% of the next \$2,000,000, 2% of the next \$2,000,000 and 1% of the excess, if any, for future consummated transactions, if any, introduced by the Underwriter (including mergers, acquisitions, joint ventures, and any other business for the Company introduced by the Underwriter) consummated by the Company (an "Introduced Consummated Transaction"), in which the Underwriter introduced the other party to the Company during a period ending five years following the First Closing Date; and

(2) That any such finder's fee due hereunder will be paid in cash or other consideration that is acceptable to the Underwriter, at the closing of the particular Introduced Consummated Transaction for which the finder's fee is due.

(v) The Company agrees to pay the Underwriter a warrant solicitation fee equal to 4% of the exercise price for each solicited warrant exercised, payable upon exercise of the Warrant. However, no compensation will be paid to the Underwriter in connection with the exercise of the Warrant if (a) the market price of the underlying shares of Common Stock is lower than the exercise price of the Warrants, (b) the Warrants are held in a discretionary account, except where prior specific written approval for the exercise has been received, (c) the Warrants are exercised in an unsolicited transaction, (d) the Underwriter has not provided bona fide services in connection with the solicitation of the Warrant, (e) the holder of the Warrant has not in writing designated the Underwriter as the party to receive the solicitation fee, or (f) the compensation arrangements have not been disclosed at the time of the exercise. In addition, unless granted an exemption by the Commission from the trading practice rules, the Underwriter will be prohibited from engaging in any market making activity or solicited brokerage activities with regard to the Securities for the periods prescribed by such rules or the termination by waiver or otherwise of any right the Underwriter may have to receive a fee for the exercise of the Warrants following such solicitation.

4 CONDITIONS OF UNDERWRITERS' OBLIGATION. The obligations of the Underwriter to purchase and pay for the Units and the Shares and Warrants included in the Units which it has agreed to purchase hereunder, are subject to the accuracy (as of the date hereof, and as of the Closing Dates) of and compliance with the representations and warranties of the Company herein, to the performance by the Company of its obligations hereunder, and to the following conditions:

(a) The Registration Statement shall have become effective and the Underwriter shall have received notice thereof not later than 10:00 a.m., New York time, on the day following the date of this Agreement, or at such later time or on such later date as to which the Underwriter may agree in writing; on or prior to the Closing Dates no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that or a similar purpose shall have been instituted or shall be pending or, to the Underwriter's knowledge or to the knowledge of the Company shall be contemplated by the Commission; any request on the part of the Commission for additional information shall have been complied with to the satisfaction of the Commission; and no stop order shall be in effect denying or suspending effectiveness of such qualification nor shall any stop order proceedings with respect thereto be instituted or pending or threatened. If required, the Prospectus shall have been filed with the Commission in the manner and within the time period required by Rule 424(b) under the Act.

(b) At the First Closing Date, the Underwriter shall have received the opinion, dated as of the First Closing Date, of the Law Offices of Morse, Zelnick, Rose & Lander, LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriter, to the effect that:

(i) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own its properties and conduct its business as described in the Registration

Statement and Prospectus and is duly qualified or licensed to do business as a foreign corporation and is in good standing in each other

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jurisdiction in which the ownership or leasing of its properties or conduct of its business requires such qualification except where the failure to qualify or be licensed will not have a Material Adverse Effect;

jurisdiction in which the ownership or leasing of its properties or conduct of its business requires such qualification except where the failure to qualify or be licensed will not have a Material Adverse Effect;

(ii) the authorized capitalization of the Company as of December 31, 1996 is as set forth under "Capitalization" in the Prospectus; all shares of the Company's outstanding Common Stock have been duly authorized, validly issued, fully paid and non-assessable and conform in all material respects to the description thereof contained in the Prospectus; to such counsel's knowledge the outstanding shares of Common Stock of the Company have not been issued in violation of the preemptive rights of any shareholder and the shareholders of the Company do not have any preemptive rights or other rights to subscribe for or to purchase, nor are there any restrictions upon the voting or transfer of, any of the Shares except as provided in the Prospectus; the Units, the Shares, the Warrants, the Underwriter's Option, and the Warrant Agreement conform in all material respects to the respective descriptions thereof contained in the Prospectus; the Units, the Shares and Warrants have been, and the shares of Common Stock to be issued upon exercise of the Warrants and the Underwriter's Option, upon issuance in accordance with the terms of such Warrants, the Warrant Agreement and Underwriter's Option will have been duly authorized and, when issued and delivered in accordance with their respective terms, will be duly and validly issued, fully paid, non-assessable, free of preemptive rights and no personal liability will attach to the ownership thereof; to the best of counsel's knowledge all prior sales by the Company of the Company's securities have been made in compliance with or under an exemption from registration under the Act and applicable state securities laws; a sufficient number of shares of Common Stock has been reserved for issuance upon exercise of the Warrants and Underwriter's Option and to the best of such counsel's knowledge, neither the filing of the Registration Statement nor the offering or sale of the Securities as contemplated by this Agreement gives rise to any registration rights other than those which have been waived or satisfied for or relating to the registration of any shares of Common Stock or as otherwise being exercised in connection with the concurrent offering;

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(iii) this Agreement, the Underwriter's Option, and the Warrant Agreement have been duly and validly authorized, executed, and delivered by the Company;

(iv) the certificates evidencing the shares of Common Stock comply with the Delaware General Corporation Law; the Warrants will be exercisable for shares of Common Stock in accordance with the terms of the Warrants and at the prices therein provided for;

(v) except as otherwise disclosed in the Registration Statement, such counsel knows of no pending or threatened legal or governmental proceedings to which the Company is a party which would have a Materially Adversely Effect the business, property, financial condition, or operations of the Company; or which question the validity of the Securities, this Agreement, the Warrant Agreement, or the Underwriter's Option, or of any action taken or to be taken by the Company pursuant to this Agreement, the Warrant Agreement, or the Underwriter's Option; to such counsel's knowledge there are no governmental proceedings or regulations required to be described or referred to in the Registration Statement which are not so described or referred to;

(vi) the execution and delivery of this Agreement, the Underwriter's Option, or the Warrant Agreement and the incurrence of the obligations herein and therein set forth and the consummation of the transactions herein or therein contemplated, will not result in a breach or

violation of, or constitute a default under the certificate or articles of incorporation or by-laws of the Company, or to the best knowledge of counsel after due inquiry, in the performance or observance of any material obligations, agreement, covenant, or condition contained in any bond, debenture, note, or other evidence of indebtedness or in any material contract, indenture, mortgage, loan agreement, lease, joint venture, or other agreement or instrument to which the Company is a party or by which it or any of its properties is bound or in violation of any order, rule, regulation, writ, injunction, or decree of any government, governmental instrumentality, or court, domestic or foreign, the result of which would have a Material Adverse Effect;

(vii) the Registration Statement has become

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effective under the Act, and to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for that purpose have been instituted or are pending before, or threatened by, the Commission; the Registration Statement and the Prospectus (except for the financial statements and other financial data contained therein, or omitted therefrom, as to which such counsel need express no opinion) as of the Effective Date comply as to form in all material respects with the applicable requirements of the Act and the Rules and Regulations;

(viii) in the course of preparation of the Registration Statement and the Prospectus such counsel has participated in conferences with the President and Chief Executive Officer of the Company with respect to the Registration Statement and Prospectus and such discussions did not disclose to such counsel any information which gives such counsel reason to believe that the Registration Statement or any amendment thereto at the time it became effective contained any untrue statement of a material fact required to be stated therein or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any supplement thereto contains any untrue statement of a material fact or omits to state a material fact necessary in order to make statements therein, in light of the circumstances under which they were made, not misleading (except, in the case of both the Registration Statement and any amendment thereto and the Prospectus and any supplement thereto, for the financial statements, notes thereto, and other financial information (including without limitation, the pro forma financial information) and schedules contained therein, as to which such counsel need express no opinion);

(ix) all descriptions in the Registration Statement and the Prospectus, and any amendment or supplement thereto, of contracts and other agreements to which the Company or any Subsidiary is a party are accurate and fairly present in all material respects the information required to be shown, and such counsel is familiar with all contracts and other agreements referred to in the Registration Statement and the Prospectus and any such amendment or supplement or filed as exhibits to the Registration Statement, and such counsel does not know of any contracts or agreements to which the Company or any Subsidiary is

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a party of a character required to be summarized or described therein or to be filed as exhibits thereto which are not so summarized, described, or filed;

(x) no authorization, approval, consent, or license of any governmental or regulatory authority or agency is necessary in connection with the authorization, issuance, transfer, sale, or delivery of the Securities by the Company, in connection with the execution, delivery, and performance of this Agreement by the Company or in connection with the taking of any action contemplated herein, or the issuance of the Underwriter's Option or the Securities underlying the Underwriter's Option, other than registrations or qualifications of the Units, the Shares or Warrants under applicable state or foreign securities or Blue Sky laws and registration under the Act; and

(xi) the Units, the Shares and Warrants have been duly authorized for quotation on the National Association of Securities Dealers Over-the-Counter Electronic Bulletin.

Such opinions shall also cover such matters incident to the transactions contemplated hereby as the Underwriter or counsel for the Underwriter shall reasonably request. In rendering such opinion, such counsel may rely upon certificates of any officer of the Company or public officials as to matters of fact; and may rely as to all matters of law other than the laws of the United States or of the States of Delaware and New York upon opinions of counsel satisfactory to the Underwriter, in which case the opinion shall state that they have no reason to believe that the Underwriter and they are not entitled to so rely.

Such opinions shall be governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the ABA Section of Business Law (1991) and shall be subject to the qualifications, exceptions, definitions, limitations on coverage and other limitations set forth therein and in such opinions. Qualifications in such opinions as to knowledge or the absence of knowledge shall be based upon and limited to the "Actual Knowledge" (as defined in the Accord) of the "Primary Lawyer Group" (as defined in such opinions). In rendering such opinions, such legal counsel shall be entitled to rely upon Public Authority Documents and upon information

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provided by client officials in written Certificates provided that copies of such Public Authority Documents and Certificates are attached as exhibits to the written opinion of legal counsel. The term "Public Authority Documents" shall have the meaning ascribed to it in the Accord.

(c) At the First Closing Date, the Underwriter shall have received the opinion of Gottlieb, Rackman & Reisman, P.C., trademark counsel, in form and substance satisfactory to you, identifying any trademark searches conducted with respect to the Company's trademarks and trademark applications and providing that the description in the Registration Statement with respect to the status of such trademark applications is accurate, that the Company owns the entire right, title and interest in and to such trademarks and trademark applications as described in the Prospectus and has not received any notice of conflict with the asserted rights of others in respect thereof other than as set forth in the Registration Statement and the Prospectus and that the statements in the Prospectus under the captions "Prospectus Summary--The Company", "Risk Factors--Intellectual Property; Failure to Protect Intellectual Property Rights May Adversely Affect the Company" are true and correct. In addition, the Company is the owner of the Copyright in its "PC411 For Windows Release 1.2", covered in Copyright Registration Certificate No. TX 4-284-308, dated May 2, 1996.

(d) All corporate proceedings and other legal matters relating to this Agreement, the Registration Statement, the Prospectus and other related matters shall be satisfactory to or approved by Bernstein & Wasserman, LLP, counsel to the Underwriter.

(e) The Underwriter shall have received a letter prior to the effective date of the Registration Statement and again on and as of the First Closing Date from KPMG Peat Marwick, LLP, independent public accountants for the Company, substantially in the form reasonably acceptable to the Underwriter.

(f) At the Closing Dates, (i) the representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects with the same effect as if made on and as of the Closing Dates taking into account for the Option Closing Dates the effect of the transactions contemplated hereby and the Company shall have performed all of

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its obligations hereunder and satisfied all the conditions on its part to be satisfied at or prior to such First Closing Date; (ii) the Registration Statement and the Prospectus and any amendments or supplements thereto shall contain all statements which are required to be stated therein in accordance with the Act and the Rules and Regulations, and shall in all material respects

conform to the requirements thereof, and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) there shall have been, since the respective dates as of which information is given, no Material Adverse Effect, or to the Company's knowledge, any development involving a prospective Material Adverse Effect from that set forth in the Registration Statement and the Prospectus, except changes which the Registration Statement and Prospectus indicate might occur after the effective date of the Registration Statement, and the Company and the Subsidiaries shall not have incurred any material liabilities or entered into any material agreement not in the ordinary course of business other than as referred to in the Registration Statement and Prospectus; (iv) except as set forth in the Prospectus, no action, suit, or proceeding at law or in equity shall be pending or threatened against the Company or any Subsidiaries which would be required to be set forth in the Registration Statement, and no proceedings shall be pending or threatened against the Company or any Subsidiary before or by any commission, board, or administrative agency in the United States or elsewhere, wherein an unfavorable decision, ruling, or finding would have a Material Adverse Effect, (v) the Underwriter shall have received, at the First Closing Date, a certificate signed by the President and the Chief Executive Officer of the Company, dated as of the First Closing Date, evidencing compliance with the provisions of this subsection (e) and (vi) the Underwriter shall have received, at the First Closing Date, such opinions, certificates, letters and other documents as it reasonably requests.

(g) Upon exercise of the option provided for in Section 2(b) hereof, the obligations of the Underwriter to purchase and pay for the Option Units referred to therein will be subject (as of the date hereof and as of the Option Closing Date) to the following additional conditions:

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(i) The Registration Statement shall remain effective at the Option Closing Date, and no stop order suspending the effectiveness thereof shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending, or, to the Underwriter's knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any reasonable request on the part of the Commission for additional information shall have been complied with to the satisfaction of the Commission.

(ii) At the Option Closing Date there shall have been delivered to the Underwriter the signed opinion of Morse, Zelnick, Rose & Lander, LLP, counsel to the Company, dated as of the Option Closing Date, in form and substance reasonably satisfactory to Bernstein & Wasserman, LLP, counsel to the Underwriter, which opinion shall be substantially the same in scope and substance as the opinion furnished to you at the First Closing Date pursuant to Sections 4(b) hereof, except that such opinion, where appropriate, shall cover the Option Units.

(iii) At the Option Closing Date there shall have been delivered to the Underwriter a certificate of the President and the Chief Executive Officer of the Company and such other opinions, certificates, letters and other documents as it reasonably requests, dated the Option Closing Date, in form and substance reasonably satisfactory to Bernstein & Wasserman, LLP, counsel to the Underwriter, substantially the same in scope and substance as the certificate or certificates furnished to you at the First Closing Date pursuant to Section 4(e) hereof.

(iv) At the Option Closing Date there shall have been delivered to the Underwriter a letter in form and substance satisfactory to the Underwriter from KPMG Peat Marwick, LLP, independent auditors, dated the Option Closing Date and addressed to the Underwriter confirming the information in their letter referred to in Section 4(d) hereof and stating that nothing has come to their attention during the period from the ending date of their review referred to in said letter to a date not more than five business days prior to the Option Closing Date, which would require any change in said letter if it were required to be dated the Option Closing Date.

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(h) All proceedings taken at or prior to the Option Closing Date in connection with the sale and issuance of the Option Units shall be reasonably satisfactory in form and substance to you, and you and Bernstein & Wasserman, LLP, counsel to the Underwriter, shall have been furnished with all such documents, certificates, and opinions as you may reasonably request in connection with this transaction in order to evidence the accuracy and completeness of any of the representations, warranties, or statements of the Company or its compliance with any of the covenants or conditions contained herein

(i) No action shall have been taken by the Commission or the NASD the effect of which would make it improper, at any time prior to either of the Closing Dates, for members of the NASD to execute transactions (as principal or agent) in the Units, the Shares, the Common Stock, or the Warrants and no proceedings for the taking of such action shall have been instituted or shall be pending, or, to the knowledge of the Underwriter or the Company, shall be contemplated by the Commission or the NASD. The Company represents that at the date hereof it has no knowledge that any such action is in fact contemplated by the Commission or the NASD.

(j) If any of the conditions herein provided for in this Section shall not have been fulfilled in all material respects as of the date indicated, this Agreement and all obligations of the Underwriter under this Agreement may be cancelled at, or at any time prior to, either of the Closing Dates by the Underwriter notifying the Company of such cancellation in writing or by telegram at or prior to the First Closing Date. Any such cancellation shall be without liability of the Underwriter to the Company.

5 CONDITIONS OF THE OBLIGATIONS OF THE COMPANY. The obligation of the Company to sell and deliver the Securities is subject to the following conditions:

(a) The Registration Statement shall have become effective not later than 10:00 a.m. New York time, on the day following the date of this Agreement, or on such later date as the Company and the Underwriter may agree in writing.

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(b) At the Closing Dates, no stop orders suspending the effectiveness of the Registration Statement shall have been issued under the Act or any proceedings therefor initiated or threatened by the Commission.

If the conditions to the obligations of the Company provided for in this Section have been fulfilled on the First Closing Date but are not fulfilled after the First Closing Date and prior to the Option Closing Date, then only the obligation of the Company to sell and deliver the Option Units on exercise of the option provided for in Section 2(b) hereof shall be affected.

6 INDEMNIFICATION.

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(a) The Company agrees (i) to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any losses, claims, damages, or liabilities, joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees), to which such Underwriter or such controlling person may become subject, under the Act or otherwise, and (ii) to reimburse, as incurred, the Underwriter and such controlling persons for any legal or other expenses reasonably incurred in connection with investigating, defending against or appearing as a third party witness in connection with any losses, claims, damages, or liabilities; insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) relating to (i) and (ii) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or

supplement thereto, (B) any blue sky application or other document executed by the Company specifically for that purpose containing written information specifically furnished by the Company and filed in any state or other jurisdiction in order to qualify any or all of the Securities under the securities laws thereof (any such application, document or information being hereinafter called a "Blue Sky Application"), or arise out of or are based upon the omission or alleged omission to state in the Registration Statement, any Preliminary Prospectus, Prospectus, or any amendment or supplement thereto, or in any Blue Sky Application, a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be required to indemnify the Underwriter and any controlling person or be liable in any such case to the extent, but 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 written information furnished to the Company by or on behalf of the Underwriter specifically for use in the preparation of the Registration Statement or any such amendment or supplement thereof or any such Blue Sky Application or any such Preliminary Prospectus or the Prospectus or any such amendment or supplement thereto; provided, further that the indemnity with respect to

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any Preliminary Prospectus shall not be applicable on account of any losses, claims, damages, liabilities, or litigation arising from the sale of Securities to any person if a copy of the Prospectus was not delivered to such person at or prior to the written confirmation of the sale to such person. This indemnity will be in addition to any liability which the Company may otherwise have.

(b) The Underwriter will indemnify and hold harmless the Company, each of its directors, each nominee (if any) for director named in the Prospectus, each of its officers who have signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Act against any losses, claims, damages, or liabilities joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and reasonable attorneys' fees) to which the Company or any such director, nominee, officer, or controlling person may become subject under the Act or otherwise, and to reimburse, as incurred, the Company and the other indemnified parties under this Section 6(b) for any legal or other expenses reasonably incurred in connection with investigating, defending against, or appearing as a third party witness in connection with any losses, claims, damages or liabilities 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, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, and Blue Sky Application executed by the Underwriter for that purpose containing written information specifically furnished by the Underwriter and filed in any state or other jurisdiction in order to qualify any or all of the Securities under the securities laws thereof, or arise out of or are based upon the omission or the alleged omission to state in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or in any Blue Sky Application, a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or any Blue Sky Application in reliance upon and in

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conformity with written information furnished to the Company by the Underwriter specifically for use in the preparation thereof and for any violation by the Underwriter in the sale of such Securities of any applicable state or federal law or any rule, regulation or instruction thereunder relating to violations based on unauthorized statements by Underwriter or its representatives, provided that such violation is not based upon any violation of such law, rule, or regulation or instruction by the party claiming indemnification or inaccurate or misleading information furnished by the Company or its representatives, including information furnished to the Underwriter as contemplated herein. This indemnity agreement will be in addition to any liability which the Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify in writing the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, subject to the provisions herein stated, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. The indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the indemnified party; provided that the reasonable fees and expenses of such counsel shall be at the expense of the indemnifying party if (i) the employment of such

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counsel has been specifically authorized in writing by the indemnifying party or (ii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party and in the reasonable judgment of the counsel to the indemnified party, it is advisable for the indemnified party to be represented by separate counsel (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, 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 reasonable fees and expenses of more than one separate firm of attorneys for the indemnified party, which firm shall be designated in writing by the indemnified party). No settlement of any action against an indemnified party shall be made without the consent of the indemnified party, which shall not be unreasonably withheld in light of all factors of importance to such indemnified party. If it is ultimately determined that indemnification is not permitted, then an indemnified party will return all monies advanced to the indemnifying party.

7. CONTRIBUTION. In order to provide for just and equitable contribution under the Act in any case in which the indemnification provided in Section 6 hereof is requested 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 the express provisions of Section 6 provide for indemnification in such case, then the Company and the Underwriter, shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees) (after contribution from others) in such proportions that (i) the Underwriter is responsible in the aggregate for that portion of such losses, claims, damages, or liabilities represented by the percentage that the underwriting discount per Security appearing on the cover page of the Prospectus bears to the public offering price appearing thereon, (ii) the Company shall be responsible for

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the remaining portion, provided, however, that if such allocation is not permitted by applicable law, then such losses, claims, damages or liabilities shall be allocated in such proportion as is appropriate to reflect relative

benefits but also the relative fault of the Company, and the Underwriter, in the aggregate, in connection with the statements or omissions which resulted in such damages and other relevant equitable considerations shall also be considered. The relative fault shall be determined by reference to, among other things, whether in the case of an untrue statement of a material fact or the omission to state a material fact, such statement or omission relates to information supplied by the Company, or the Underwriter and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such untrue statement or omission. The Company, and the Underwriter agree that it would not be just and equitable if the respective obligations of the Company, and the Underwriter to contribute pursuant to this Section 7 were to be determined by pro rata or per capita allocation of the aggregate damages or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 7. No person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. If the full amount of the contribution specified in this paragraph is not permitted by law, then the Underwriter and each person who controls the Underwriter, and the Company, its officers, directors, and controlling persons shall be entitled to contribution from one another to the full extent permitted by law. The foregoing contribution agreement shall in no way affect the contribution liabilities of any persons having liability under Section 11 of the Act other than the Company and the Underwriter. No contribution shall be requested with regard to the settlement of any matter from any party who did not consent to the settlement; provided, however, that such consent shall not be unreasonably withheld in light of all factors of importance to such party.

8. COSTS AND EXPENSES.

(a) Whether or not this Agreement becomes effective or the sale of the Securities to the Underwriter is consummated, the Company will pay all costs and expenses incident to the

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performance of this Agreement by the Company including, but not limited to, the fees and expenses of counsel to the Company and of the Company's accountants; the costs and expenses incident to the preparation, printing, filing, and distribution under the Act of the Registration Statement (including the financial statements therein and all amendments and exhibits thereto), Preliminary Prospectus, and the Prospectus, as amended or supplemented, the fee of the NASD in connection with the filing required by the NASD relating to the offering of the Securities contemplated hereby; all expenses, including reasonable fees not to exceed \$50,000 (which does not include blue sky filing fees) and disbursements of counsel to the Underwriter, in connection with the qualification of the Securities under the state securities or blue sky laws which the Underwriter shall designate; the cost of printing and furnishing to the Underwriter copies of the Registration Statement, each Preliminary Prospectus, the Prospectus, this Agreement, and the Blue Sky Memorandum, any fees relating to the listing of the Units, the Shares, and Warrants on the NASD OTC Electronic Bulletin Board and NASDAQ or any other securities exchange; the cost of printing the certificates representing the securities comprising the Securities; fees for bound volumes and prospectus memorabilia; and the fees of the transfer agent and warrant agent. The Company shall pay any and all taxes (including any transfer, franchise, capital stock, or other tax imposed by any jurisdiction) on sales to the Underwriter hereunder. The Company will also pay all costs and expenses incident to the furnishing of any amended Prospectus or of any supplement to be attached to the Prospectus as called for in Section 3(a) of this Agreement except as otherwise set forth in said Section.

(b) In addition to the foregoing expenses the Company shall at the First Closing Date pay to the Underwriter a non-accountable expense allowance of \$198,375, representing the non-accountable expense allowance attributed to Securities. In the event the over-allotment option is exercised, the Company shall pay to the Underwriter at the Option Closing Date an additional amount in the aggregate equal to 3.0% of the gross proceeds received upon exercise of the over-allotment option. In the event the transactions contemplated hereby are not consummated by reason of any action by the Underwriter (except if such prevention is based upon a breach by the Company of any covenant, representation, or warranty contained herein or because

any other condition to the Underwriter's obligations hereunder required to be fulfilled by the Company is not fulfilled) the Company shall not be liable for any expenses of the Underwriter, including the Underwriter's legal fees. In the event the transactions contemplated hereby are not consummated by reason of the Company being unable to perform its obligations hereunder in all material respects, the Company shall be liable for the actual accountable out-of-pocket expenses of the Underwriter, including reasonable legal fees, not to exceed in the aggregate \$100,000.00.

(c) Except as disclosed in the Registration Statement, no person is entitled either directly or indirectly to compensation from the Company, from the Underwriter or from any other person for services as a finder in connection with the proposed offering, and the Company and the Underwriter each agree to indemnify and hold harmless the other, against any losses, claims, damages, or liabilities, joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and all reasonable attorneys' fees), to which the Underwriter or person may become subject insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon the claim of any person (other than an employee of the party claiming indemnity) or entity that he or it is entitled to a finder's fee in connection with the proposed offering by reason of such person's or entity's influence or prior contact with the indemnifying party.

9. EFFECTIVE DATE. The Agreement shall become effective upon its execution except that the Underwriter may, at its option, delay its effectiveness until 11:00 a.m., New York time on the first full business day following the effective date of the Registration Statement, or at such earlier time on such business day after the effective date of the Registration Statement as the Underwriter in its discretion shall first commence the initial public offering of the Securities. The time of the initial public offering shall mean the time of release by the Underwriter of the first newspaper advertisement with respect to the Securities or the time when the Securities are first generally offered by the Underwriter to dealers by letter or telegram, whichever shall first occur. This Agreement may be

terminated by the Underwriter at any time before it becomes effective as provided above, except that Sections 3(c), 6, 7, 8, 12, 13, 14, and 15 shall remain in effect notwithstanding such termination.

10. TERMINATION.

(a) After this Agreement becomes effective, this Agreement, except for Sections 3(c), 6, 7, 8, 12, 13, 14, and 15 hereof, may be terminated at any time prior to the First Closing Date, and the option referred to in Section 2(b) hereof, if exercised, may be cancelled at any time prior to the Option Closing Date by the Underwriter if in the Underwriter's judgment it is impracticable to offer for sale or to enforce contracts made by the Underwriter for the resale of the Securities agreed to be purchased hereunder by reason of (i) the Company having sustained a material loss, whether or not insured, by reason of fire, earthquake, flood, accident, or other calamity, or from any labor dispute or court or government action, order, or decree, which has caused a Material Adverse Effect, (ii) trading in securities on the New York Stock Exchange or the American Stock Exchange or Nasdaq having been suspended or limited, (iii) material governmental restrictions having been imposed on trading in securities generally (not in force and effect on the date hereof), (iv) a banking moratorium having been declared by federal or New York state authorities, (v) an outbreak of major international hostilities involving the United States or other substantial national or international calamity having occurred, (vi) a pending or threatened legal or governmental proceeding or action relating generally to the Company's or any of the Subsidiaries' business, or a notification having been received by the Company or any Subsidiary, of the threat of any such proceeding or action, which would have a Material Adverse Effect; (vii) except as contemplated by the Prospectus, the Company is merged with or consolidated into or acquired by another company or group or there exists a binding legal commitment for the foregoing or any other material change of ownership or control occurs; (viii) the passage by the

Congress of the United States or by any state legislative body of similar impact, of any act or measure, or the adoption of any orders, rules or regulations by any governmental body or any authoritative accounting institute or board, or any governmental executive, which is reasonably believed likely by the Underwriter to have a Material Adverse Effect on the business, financial

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condition, or financial statements of the Company and its Subsidiaries taken as a whole, (ix) any material adverse change in the financial or securities markets beyond normal market fluctuations having occurred since the date of this Agreement, or (x) any Material Adverse Effect having occurred, since the respective dates of which information is given in the Registration Statement and Prospectus.

(b) If the Underwriter elects to prevent this Agreement from becoming effective or to terminate this Agreement as provided in this Section 10, the Company shall be promptly notified by the Underwriter, by telephone or telegram, confirmed by letter.

11. UNDERWRITER'S OPTION. At or before the First Closing Date, the Company will sell the Underwriter or its designees for a consideration of \$73.60, and upon the terms and conditions set forth in the form of Underwriter's Option annexed as an exhibit to the Registration Statement, a Underwriter's Option to purchase an aggregate of 73,600 Units. In the event of conflict in the terms of this Agreement and the Underwriter's Option with respect to language relating to the Underwriter's Option, the language of the Underwriter's Option shall control.

12. REPRESENTATIONS AND WARRANTIES OF THE UNDERWRITER. The Underwriter represents and warrants to the Company that it is registered as a broker-dealer in all jurisdictions in which it is offering the Securities and that it will comply with all applicable state or federal laws relating to the sale of the Securities, including but not limited to, violations based on unauthorized statements by the Underwriter or its representatives.

13. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. The respective indemnities, agreements, representations, warranties, and other statements of the Company and the Underwriter and the undertakings set forth in or made pursuant to this Agreement will remain in full force and effect until three years from the date of this Agreement, regardless of any investigation made by or on behalf of the Underwriter, the Company, or any of its officers or directors or any controlling person and will survive delivery of and payment of the Securities and the termination of this Agreement.

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14. NOTICE. Any communications specifically required hereunder to be in writing, if sent to the Underwriter, will be mailed, delivered, or telecopied and confirmed to them at Biltmore Securities, Inc., 6700 N. Andrews Avenue, Fort Lauderdale, Florida 33309, with a copy sent to Bernstein & Wasserman, LLP, 950 Third Avenue, New York, NY 10022, Attention: Hartley T. Bernstein, Esq., or if sent to the Company, will be mailed, delivered, or telecopied and confirmed to it at PC411, 9800 La S. Cienega Boulevard Suite 411, Inglewood, CA 90301, Attn: Dean R. Eaker with a copy sent to Morse, Zelnick, Rose & Lander LLP, 450 Park Avenue, New York, New York 10022-2605, Attention: Howard L. Morse, Esq. Notice shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication.

15. PARTIES IN INTEREST. The Agreement herein set forth is made solely for the benefit of the Underwriter, the Company, any person controlling the Company or the Underwriter, and directors of the Company, nominees for directors (if any) named in the Prospectus, its officers who have signed the Registration Statement, and their respective executors, administrators, successors, assigns and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from the Underwriter of the Securities.

16. APPLICABLE LAW. This Agreement will be governed by, and construed

in accordance with, of the laws of the State of New York applicable to agreements made and to be entirely performed within New York.

17. COUNTERPARTS. This agreement may be executed in one or more counterparts each of which shall be deemed to constitute an original and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties (including by fax, followed by original copies by overnight mail).

18. ENTIRE AGREEMENT; AMENDMENTS. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior written or oral agreements, understandings, and negotiations with respect to the subject matter hereof. This

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Agreement may not be amended except in writing, signed by the Underwriter and the Company.

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If the foregoing is in accordance with your understanding of our agreement, kindly sign and return this agreement, whereupon it will become a binding agreement between the Company and the Underwriter in accordance with its terms.

Very truly yours,

PC411, INC.

By: /s/ Robert M. Lundgren

Name: Robert M. Lundgren
Title: Vice President

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The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

BILTMORE SECURITIES, INC.

By: /s/ Elliott Loewenstern

Name: Elloit Loewenstern
Title: Chief Executive Officer

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Exhibit 3.1

RESTATED
CERTIFICATE OF INCORPORATION
OF
PC411, INC.

PC411, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is PC411, Inc., which is the name under which the corporation was originally incorporated. The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 29, 1993.

2. The provisions of the certificate of incorporation of the Corporation as heretofore amended and restated, are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Restated Certificate of Incorporation of PC411, Inc. without any discrepancy between the provisions of the certificate of incorporation as heretofore amended and supplemented and the provisions of the said single instrument hereinafter set forth.

3. The restatement of the restated certificate of incorporation herein certified has been duly adopted by the stockholders in accordance with the provisions of Section 228, 242 and of Section 245 of the General Corporation Law of the State of Delaware.

"RESTATED CERTIFICATE OF INCORPORATION
OF
PC411, INC.

FIRST: The name of the corporation is PC411, Inc.

SECOND: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: (a) AUTHORIZED SHARES. The aggregate number of shares which the Corporation shall have authority to issue is 30,000,000, of which 25,000,000 shall be shares of Common Stock, par value \$.01 per share (the "Common Stock") and 5,000,000 shall be shares of Preferred Stock, par value \$.01 per share (the "Preferred Stock"). The Preferred Stock may be issued, from time to time, in one or more series with such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, as shall be stated in the resolutions adopted by the Board of Directors providing for the issuance of such Preferred Stock or series thereof; and the Board of Directors is hereby expressly vested with authority to fix such designations, preferences and relative participating, optional or other special rights or qualifications, limitations or restrictions for each series, including, but not by way of limitation, the power to affix the redemption and liquidation preferences, the rate of dividends payable and the time for and the priority of payment thereof and to determine whether such dividends shall be cumulative or not and to provide for and affix the terms of conversion of such Preferred Stock or any series thereof into Common Stock of the Corporation and fix the voting power, if any, of Preferred Stock or any series thereof.

No holder of any of the shares of the stock of the

Corporation, whether now or hereafter authorized and issued, shall be entitled as of right to purchase or subscribe for (1) any unissued stock of any class, or (2) any additional shares of any class to be issued by reason of any increase of the authorized capital stock of the corporation of any class, or (3) bonds, certificates of indebtedness, debentures or other securities convertible into stock of the corporation, or carrying any right to purchase stock of any class, but any such unissued stock or such additional authorized issue of any stock or of other securities convertible into stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its discretion.

FIFTH: The Corporation is to have perpetual existence.

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SIXTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

(a) The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the By-Laws. The phrase "whole Board" and the phrase "total number of directors" shall be deemed to have the same meaning, to wit, the total number of directors which the Corporation would have if there were no vacancies. No election of directors need be by written ballot.

(b) After the original or other By-Laws of the Corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and after the Corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the By-Laws of the Corporation may be exercised by the Board of Directors of the Corporation.

(c) Whenever the Corporation shall be authorized to issue only one class of stock each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of stockholders. Whenever the Corporation shall be authorized to issue more than one class of stock no outstanding share of any class of stock which is denied voting power under the provisions of the certificate of incorporation shall entitle the holder thereof to the right to vote at any meeting of stockholders except as the provisions of paragraph (c)(2) of Section 242 of the General Corporation Law of the State of Delaware shall otherwise require; provided, that no share of any such class which is otherwise denied voting power shall entitle the holder thereof to vote upon the increase or decrease in the number of authorized shares of said class.

SEVENTH: The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights herein conferred upon stockholders or directors are granted subject to this reservation.

EIGHTH: To the fullest extent permitted by the Delaware General Corporation Law, no director of the Corporation shall have personal liability to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that nothing in this article will eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. In the event the Delaware General Corporation Law is amended after the date hereof so as to authorize corporate action further eliminating or limiting the liability of directors of the Corporation, the liability of the directors will thereupon be eliminated or limited to the maximum extent permitted by the Delaware General Corporation Law, as so amended from time to time.

NINTH: The Corporation will indemnify any person:

(a) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe such person's action was unlawful, or

(b) who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification will be made in respect of any claim, issue or matters as to which such person will have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought will determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court will deem proper.

To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in section (a) and (b), or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. The rights conferred on any director of the Corporation under this Article Ninth will inure to the benefit of any entity that is affiliated with such director and that is a stockholder of the Corporation.

Any indemnification under section (a) and (b) (unless ordered by a court) will be made by the Corporation only as authorized in the specified case upon a determination that

indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in section (a) and (b). Such determination will be made (1) by the board of directors of a majority vote of the quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it will ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article Ninth. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

The indemnification and advancement of expenses provided by or granted pursuant to this Article Ninth will not be deemed exclusive of any other rights to which one seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

The Corporation may purchase and maintain, insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article Ninth.

For purposes of this Article Ninth, references to "the Corporation" will include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have the power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, will stand in the same position under this Article Ninth with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

For purpose of the Article Ninth, references to "other enterprises" will include employee benefit plans; references to "fines" will include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" will include any service as a director, officer, employee or agent of the Corporation that imposes duties on, or involves services by, such director, officer, employee or agent with

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respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan will be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article Ninth.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article Ninth will continue as to a person who has ceased to be a director, officer, employee or agent and will inure to the benefit of the heirs, executors and administrators of such a person.

TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors,

and/or of the stockholder or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation."

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf this 12th day of May, 1997.

PC411, Inc.

By: /s/ Dean R. Eaker

Dean R. Eaker
President and Chief Executive
Officer

Exhibit 3.2

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
PC411, INC.

(Pursuant to Chapter 1, Title 8 of the General Corporation Law of the State of Delaware)

It is hereby certified that:

FIRST: The name of the corporation is PC411, Inc.

SECOND: The Certificate of Incorporation was filed with the Office of the Secretary of State on December 29, 1993.

THIRD: The Amendment of the Certificate of Incorporation of the corporation effected by this Certificate of Amendment is (a) to increase the aggregate number of shares which the corporation shall have authority to issue by authorizing 24,990,000 additional shares of Common Stock with a par value of \$.01 per share and 4,990,000 additional shares of Preferred Stock with a par value of \$.01 per share so that the aggregate number of shares which the corporation shall have authority to issue shall be 30,000,000, 25,000,000 of which shall be shares of Common Stock and 5,000,000 of which shall be shares of Preferred Stock, (b) to provide more detailed provisions regarding the powers of the corporation and of its directors and of its stockholders, (c) to specify the duration of the corporation, and (d) to add a provision regarding the rights of creditors and stockholders of the corporation.

FOURTH: To accomplish the foregoing amendment, Article FOURTH relating to the number, class and par value of the shares the Corporation is authorized to issue and Article SIXTH relating to the powers of the board of directors are amended to read as follows, Article FIFTH regarding the rights of holders of Preferred Stock is deleted and the following new Article FIFTH is substituted in lieu thereof and the following Article TENTH is added:

"FOURTH: (a) AUTHORIZED SHARES. The aggregate number of shares which the Corporation shall have authority to issue is 30,000,000, of which 25,000,000 shall be shares of Common Stock, par value \$.01 per share (the "Common Stock") and 5,000,000 shall be shares of Preferred Stock, par value \$.01 per share (the "Preferred Stock"). The Preferred Stock may be issued, from time to time, in one or more series with such designations, preferences and relative, participating, optional or other special rights and qualifications,

limitations or restrictions thereof, as shall be stated in the resolutions adopted by the Board of Directors providing for the issuance of such Preferred Stock or series thereof; and the Board of Directors is hereby expressly vested with authority to fix such designations, preferences and relative participating, optional or other special rights or qualifications, limitations or restrictions for each series, including, but not by way of limitation, the power to affix the redemption and liquidation preferences, the rate of dividends payable and the time for and the priority of payment thereof and to determine whether such dividends shall be cumulative or not and to provide for and affix the terms of conversion of such Preferred Stock or any series thereof into Common Stock of the corporation and fix the voting power, if any, of Preferred Stock or any series thereof.

No holder of any of the shares of the stock of the corporation, whether now or hereafter authorized and issued, shall be entitled as of right to purchase or subscribe for (1) any unissued stock of any class, or (2) any additional shares of any class to be issued by reason of any increase of the authorized capital stock of the corporation of any class, or (3) bonds, certificates of indebtedness, debentures or other securities convertible into stock of the corporation, or carrying any right to purchase stock of any class, but any such unissued stock or such additional authorized issue of any stock or of other securities convertible into stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its discretion.

(b) CHANGE IN CONVERSION RATIO OF PREFERRED STOCK. Each share of Preferred Stock, par value \$.01 per share of the Corporation outstanding as of the close of business on the day prior to the date of the filing of this Certificate of Amendment shall be reclassified on a basis of 4.7395 shares of Common Stock, par value \$.01 per share (prior to giving effect to the stock split described in paragraph (c) of this Article Fourth), for each share of Preferred Stock outstanding and, accordingly, each share of Preferred Stock outstanding as of the close of business on the day prior to the date of such filing, shall, without any further action by the Corporation or any holder of Preferred Stock, be deemed to represent 4.7395 shares of Common Stock, par value \$.01 per share (prior to giving effect to the stock split described in paragraph (c) of this Article Fourth). Any shares of Preferred Stock issued and outstanding as of such date shall be immediately canceled.

(c) STOCK SPLIT. Effective upon the filing of this Certificate of Amendment with the Secretary of State, each share of Common Stock, par value \$.01 per share, of the Corporation outstanding as of the close of business on the day prior to the date of such filing (after taking into account the

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conversion of the issued and outstanding shares of Preferred Stock into shares of Common Stock as set forth in paragraph (b) of this Article Fourth) shall be reclassified on a basis of 172.7336 shares of Common Stock for each share of Common Stock outstanding and, accordingly, each share of Common Stock, par value \$.01 per share, of the Corporation outstanding as of the close of business on the day prior to the date of such filing, each having a par value of \$.01 per share, shall, without further action by the Corporation or any stockholder, be deemed to represent 172.7336 shares of Common Stock, par value \$.01 per share.

"SIXTH: For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

(a) The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the By-Laws. The phrase "whole Board" and the phrase "total number of directors" shall be deemed to have the same meaning, to wit, the total number of

directors which the corporation would have if there were no vacancies. No election of directors need be by written ballot.

(b) After the original or other By-Laws of the corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and after the corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the By-Laws of the corporation may be exercised by the Board of Directors of the corporation.

(c) Whenever the corporation shall be authorized to issue only one class of stock each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of stockholders. Whenever the corporation shall be authorized to issue more than one class of stock no outstanding share of any class of stock which is denied voting power under the provisions of the certificate of incorporation shall entitle the holder thereof to the right to vote at any meeting of stockholders except as the provisions of paragraph (c)(2) of Section 242 of the General Corporation Law of the State of Delaware shall otherwise require; provided, that no share of any such class which is otherwise denied voting power shall entitle the holder thereof to vote upon the increase or decrease in the number of authorized shares of said class.

"FIFTH: The corporation is to have perpetual existence.

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"TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholder or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation."

FIFTH: The foregoing Amendment of the Certificate of Incorporation of the Corporation was authorized by the unanimous consent of the Board of Directors of the Corporation followed by the unanimous consent of all of the outstanding shareholders of the Corporation entitled to vote on said Amendment of the Certificate of Incorporation.

IN WITNESS WHEREOF, we have subscribed this document on the date set forth below and do hereby affirm under penalties of perjury, that the statements contained therein have been examined by us and are true and correct.

Dated: May 12, 1997

/s/ Dean R. Eaker

PRESIDENT AND CEO

AMENDED AND RESTATED BY-LAWS

OF

PC411, INC.
(A Delaware Corporation)

ARTICLE I
STOCKHOLDERS

1. CERTIFICATES REPRESENTING STOCK.

Every holder of stock in the corporation shall be entitled to have a certificate signed by, or in the name of, the corporation by the Chairman or Vice-Chairman of the Board of Directors, if any, or by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the corporation certifying the number of shares owned by him in the corporation. Any and all signatures on any such certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Whenever the corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, and whenever the corporation shall issue any shares of its stock as partly paid stock, the certificates representing shares of any such class or series or of any such partly paid stock shall set forth thereon the statements prescribed by the General Corporation Law. Any restrictions on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

The corporation may issue a new certificate of stock in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require the owner of any lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

2. FRACTIONAL SHARE INTEREST.

The corporation may, but shall not be required to, issue fractions of a share. If the corporation does not issue fractions of a share, it shall (i) arrange for the disposition of fractional interests by those entitled thereto, (ii) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (iii) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the

holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

3. STOCK TRANSFERS.

Upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, transfers or registration of transfers of shares of stock of the corporation shall be made only on the stock ledger of the corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate or certificates for such shares of stock properly endorsed and the payment of all taxes due thereon.

4. RECORD DATE FOR STOCKHOLDERS.

For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5. MEANING OF CERTAIN TERMS.

As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term "share" or "shares" or "share of stock" or "shares of stock" or "stockholder" or "stockholders" refers to an outstanding share or shares of stock and to a holder or holders of record of outstanding shares of stock when the corporation is authorized to issue only one class of shares of stock, and said reference is also intended to include any outstanding share or shares of stock and any holder or holders of record of outstanding shares of stock of any class upon which or upon whom the certificate of incorporation confers such rights where there are two or more classes or series of shares of stock or upon which or upon whom the General Corporation Law confers such rights notwithstanding that the certificate of incorporation may provide for more than one class or series of shares of stock, one or more of which are limited or denied such rights thereunder, provided, however, that no such right shall vest in the event of an increase or a decrease in the authorized number of shares of stock of any class or series which is otherwise denied voting rights under the provisions of the certificate of incorporation, except as any provision of law may otherwise require.

6. STOCKHOLDER MEETINGS.

-TIME. The annual meeting shall be held on the date and at the time

fixed, from time to time by the directors provided that the first annual meeting shall be held on a date within 13 months after the organization of the corporation and each successive annual meeting shall be held on a date within 13 months after the date of the preceding annual meeting. A special meeting shall be held on the date and at the time fixed by the directors.

-PLACE. Annual meetings and special meetings shall be held at such place, within or without the State of Delaware as the directors may from time to time, fix. Whenever the directors shall fail to fix such place, the meeting shall be held at the registered office of the corporation in the State of Delaware.

-CALL. Annual meetings and special meetings may be called by the directors or by any officer instructed by the directors to call the meeting or by the holders of at least twenty percent (20%) of all shares entitled to vote at such meetings.

-NOTICE OR WAIVER OF NOTICE. Written notice of all meetings shall be given stating the place, date and hour of the meeting and stating the place within the city or other municipality or community at which the list of stockholders of the corporation may be examined. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting) state the purpose or purposes. The notice of a special meeting shall in all instances state the purpose or purposes for which the meeting is called. The notice of any meeting shall also include or be accompanied by any additional information statement or documents prescribed by the General Corporation Law. Except as otherwise provided by the General Corporation Law, a copy of the notice of any meeting shall be given personally or by mail, not less than 10 days nor more than 60 days before the date of the meeting unless the lapse of the prescribed period of time shall have been waived, and directed to each stockholder at his record address or at such other address which he may have furnished by request in writing to the Secretary of the corporation. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid in the United States mail. If a meeting is adjourned to another time, not more than 30 days hence, and/or to another place and if an announcement of the adjourned time and/or place is made at the meeting it shall not be necessary to give notice of the adjourned meeting unless the directors after adjournment fix a new record date for the adjourned meeting. Notice need not be given to any stockholder who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting except when the stockholder attends the meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

-STOCKHOLDER LIST. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting either at a place within the city or other municipality or community where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and

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place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote at any meeting of stockholders.

-CONDUCT OF MEETING. Meetings of the stockholders shall be presided

over by one of the following officers in the order of seniority and if present and acting - the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, the President, a Vice-President, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the Chairman of the meeting shall appoint a secretary of the meeting.

-PROXY REPRESENTATION. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

-INSPECTORS. The directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them.

-QUORUM. The holders of a majority of the outstanding shares of stock shall constitute a quorum at a meeting of stockholders for the transaction of any business. The stockholders present may adjourn the meeting despite the absence of a quorum.

-VOTING. Each share of stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the General Corporation Law prescribes a different percentage of votes and/or a different exercise of voting power, and except as may be otherwise prescribed by the provisions of the certificate of incorporation and these By-Laws. In the election of directors, and for any other action, voting need not be by ballot.

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7. STOCKHOLDER ACTION WITHOUT MEETINGS. Any action required by the General Corporation Law to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

In order to determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. Such notice shall specify the action sought to be consented to by stockholders. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days after the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposal to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Any such delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

In the event of the delivery of a written consent or consents purporting to authorize or take corporate action and/or related revocations (each such written consent and related revocation is referred to in this Section 7 as a "Consent"), the Secretary shall provide for the safekeeping of such Consent and shall immediately appoint duly qualified and objective inspectors to conduct, as promptly as practical, such reasonable ministerial review as they deem necessary or appropriate for the purpose of ascertaining the sufficiency and validity of such Consent and all matters incident thereto, including, without limitation, whether holders of shares having the requisite voting power to authorize or take the action specified in the Consent have given consent. If after such investigation the Secretary shall determine that the Consent is valid, that fact shall be certified on the records of the corporation kept for the purpose of recording the proceedings of meetings of stockholders, and the Consent shall be filed in such records, at which time the Consent shall become effective as stockholder action.

ARTICLE II

DIRECTORS

1. FUNCTIONS AND DEFINITION. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors of the corporation. The Board of Directors shall have the authority to fix the compensation of the members thereof.

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The use of the phrase "whole board" herein refers to the total number of directors which the corporation would have if there were no vacancies.

2. QUALIFICATIONS AND NUMBER. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The number of directors shall be not less than two nor more than nine as may be fixed, from time to time, by resolution of the directors.

3. ELECTION AND TERM. The first Board of Directors, unless the members thereof shall have been named in the certificate of incorporation, shall be elected by the incorporator or incorporators and shall hold office until the first annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. Any director may resign at any time upon written notice to the corporation. Thereafter, directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created

directorships, shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. In the interim between annual meetings of stockholders or of special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the removal of directors for cause or without cause may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

4. MEETINGS.

-TIME. Meetings shall be held at such time as the Board shall fix, except that the first meeting of a newly elected Board shall be held as soon after its election as the directors may conveniently assemble.

-PLACE. Meetings shall be held at such place within or without the State of Delaware as shall be fixed by the Board.

-CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, of the President, or of a majority of the directors in office.

-NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER. No notice shall be required for regular meetings for which the time and place have been fixed. Written, oral, or any other mode of notice of the time and place shall be given for special meetings in sufficient time for the convenient assembly of the directors thereat. Notice need not be given to any director or to any member of a committee of directors who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

-QUORUM AND ACTION. A majority of the whole Board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided, that such majority shall constitute at least one-third of the whole Board. A majority of the directors present, whether or not a

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quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the General Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The quorum and voting provisions herein stated shall not be construed as conflicting with any provisions of the General Corporation Law and these By-Laws which govern a meeting of directors held to fill vacancies and newly created directorships in the Board or action of disinterested directors.

Any member or members of the Board of Directors or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

-CHAIRMAN OF THE MEETING. The Chairman of the Board, if any and if present and acting, shall preside at all meetings. Otherwise, the Vice-Chairman of the Board, if any and if present and acting, or the President, if present and acting, or any other director chosen by the Board, shall preside.

5. REMOVAL OF DIRECTORS. Except as may otherwise be provided by the General Corporation Law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then

entitled to vote at an election of directors.

6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the corporation with the exception of any authority the delegation of which is prohibited by Section 141 of the General Corporation Law, and may authorize the seal of the corporation to be affixed to all papers which may require it.

7. WRITTEN ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

OFFICERS

The officers of the corporation shall consist of a President, a Secretary, a Treasurer, and, if deemed necessary, expedient, or desirable by the Board of Directors, a Chief Executive Officer, a Chairman of the Board, a Vice-Chairman of the Board, an Executive Vice-President, one or more other Vice-Presidents, one or more Assistant Secretaries, one or more

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Assistant Treasurers, and such other officers with such titles as the resolution of the Board of Directors choosing them shall designate. Except as may otherwise be provided in the resolution of the Board of Directors choosing an officer, no officers other than the Chairman or Vice-Chairman of the Board, if any, need be a director. Any number of offices may be held by the same person, as the directors may determine.

Unless otherwise provided in the resolution choosing him, each officer shall be chosen for a term which shall continue until the meeting of the Board of Directors following the next annual meeting of stockholders and until his successor shall have been chosen and qualified.

All officers of the corporation shall have such authority and perform such duties in the management and operation of the corporation as shall be prescribed in the resolutions of the Board of Directors designating and choosing such officers and prescribing their authority and duties, and shall have such additional authority and duties as are incident to their office except to the extent that such resolutions may be inconsistent therewith. The Secretary or Assistant Secretary of the corporation shall record all of the proceedings of all meetings and actions in writing of stockholders, directors, and committees of directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign to him. Any officer may be removed, with or without cause, by the Board of Directors. Any vacancy in any office may be filled by the Board of Directors.

ARTICLE IV

CORPORATE SEAL

The corporate seal shall be in such form as the Board of Directors shall prescribe.

ARTICLE V

FISCAL YEAR

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VI

CONTROL OVER BY- LAWS

Subject to the provisions of the certificate of incorporation and the provisions of the General Corporation Law, the power to amend, alter or repeal these By-Laws and to adopt new By-Laws may be exercised by the Board of Directors or by the stockholders.

Dated: April 30, 1997

Exhibit 4.3

Option to Purchase
73,600 Units each Unit consisting of
one (1) share of Common Stock and
one (1) Class A Redeemable Common Stock Purchase Warrant

of

PC411, INC.

PURCHASE OPTION

Dated: May 14, 1997

THIS CERTIFIES that Biltmore Securities, Inc., 6700 North Andrews Avenue, Suite 500, Fort Lauderdale, FL 33309 (hereinafter sometimes referred to as the "Holder"), is entitled to purchase from PC411, INC. (hereinafter referred to as the "Company"), at the prices and during the periods as hereinafter specified, up to 73,600 Units (the "Units") each unit consisting of one (1) share of Common Stock, par value \$.01 per share ("Common Stock"), and one (1) Class A Redeemable Common Stock Purchase Warrant. Each Warrant entitles the registered holder thereof to purchase one (1) share of Common Stock at an exercise price of \$6.10 per share. The Warrants (hereinafter, the "Warrants") are exercisable for a four year period, commencing May 14, 1998 (one (1) year from the Effective Date). Hereinafter, the Units and the securities underlying the Units, shall be referred to as "Option Securities" or "Securities."

The Securities have been registered under a Registration Statement on Form SB-2 (File No. 333-21545) declared effective by the Securities and Exchange Commission on May 14, 1997 (the "Registration Statement"). This Option (the "Option") to purchase 73,600 Units was originally issued pursuant to an underwriting agreement between the Company and Biltmore Securities, Inc. as underwriter (the "Underwriter"), in connection with a public offering of 1,150,000 Units each consisting of one (1) share of Common Stock and one (1) Class A Redeemable Common Stock Purchase Warrant (the "Public Securities") through the Underwriter, in consideration of \$73.60 received for the Option.

Except as specifically otherwise provided herein, the Common

Stock and the Warrants issued pursuant to this Option shall bear the same terms and conditions as described under the caption "Description of Securities" in the Registration Statement, and the Warrants shall be governed by the terms of the Warrant Agreement dated as of May 14, 1997, executed in connection with such public offering (the "Warrant Agreement"), except that the Holder shall have registration rights under the Securities Act of 1933, as amended (the "Act"), for the Option, the Units, the Common Stock and the Warrants included in the Units, and the shares of Common Stock underlying the Warrants, as more fully described in paragraph 6 of this Option. In the event of any reduction of the exercise price of the Warrants included in the Public Securities, the same changes to the Warrants included in the Option and the components thereof shall be simultaneously effected.

1. The rights represented by this Option shall be exercised at the prices, subject to adjustment in accordance with paragraph 8 of this Option, and during the periods as follows:

(a) Between May 14, 1998 and May 13, 2002, inclusive, the Holder shall have the option to purchase Units hereunder at a price of \$9.49 per Unit (subject to adjustment pursuant to paragraph 8 hereof) (the "Exercise Price").

(b) After May 13, 2002, the Holder shall have no right to purchase any Option Securities hereunder.

2. The rights represented by this Option may be exercised at any time

within the period above specified, in whole or in part, by (i) the surrender of this Option (with the purchase form at the end hereof properly executed) at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company); (ii) payment to the Company of the Exercise Price then in effect for the number of Option Securities specified in the above-mentioned purchase form together with applicable stock transfer taxes, if any; and (iii) delivery to the Company of a duly executed agreement signed by the person(s) designated in the purchase form to the effect that such person(s) agree(s) to be bound by the provisions of paragraph 6 and subparagraphs (b), (c)

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and (d) of paragraph 7 hereof. This Option shall be deemed to have been exercised, in whole or in part to the extent specified, immediately prior to the close of business on the date this Option is surrendered and payment is made in accordance with the foregoing provisions of this paragraph 2, and the person or persons in whose name or names the certificates for shares of Common Stock and Warrants shall be issuable upon such exercise shall become the holder or holders of record of such Common Stock and Warrants at that time and date. The Common Stock and Warrants and the certificates for the Common Stock and Warrants so purchased shall be delivered to the Holder within a reasonable time, not exceeding ten (10) days, after the rights represented by this Option shall have been so exercised. The Exercise Price may be paid, at the sole option of the Holder, in cash, by check or by the surrender to the Company of that number of shares of Common Stock and Warrants which is calculated by multiplying (i) the total number of shares of Common Stock and Warrants by (ii) the Exercise Price and (iii) dividing the product by the then current inside offer, on the date of exercise, of the underlying securities (the "Cashless Exercise Price"). The Cashless Exercise Price may be tendered pro rata by the holder or holders of less than all the shares of Common Stock and Warrants hereunder, as the case may be.

3. This Option may not be transferred, sold, assigned, or hypothecated except to officers or partners of the Holder, and may be assigned in whole or in part to any person who is an officer of the Holder or selling group member of the offering during such period. Any transfer after one (1) year must be accompanied with an immediate exercise of the Option. Any such assignment shall be effected by the Holder (i) executing the form of assignment at the end hereof and (ii) surrendering this Option for cancellation at the office or agency of the Company referred to in paragraph 2 hereof, accompanied by a certificate (signed by an officer of the Holder if the Holder is a corporation), stating that each transferee is a permitted transferee under this paragraph 3 hereof; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) a new Option or Options of like tenor and representing in the aggregate rights to purchase the same number of Option Securities as are purchasable hereunder.

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4. The Company covenants and agrees that all shares of Common Stock which may be issued as part of the Option Securities purchased hereunder and the Common Stock which may be issued upon exercise of the Warrants will, upon issuance, be duly and validly issued, fully paid and nonassessable. The Company further covenants and agrees that during the periods within which this Option may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of this Option and that it will have authorized and reserved a sufficient number of shares of Common Stock for issuance upon exercise of the Warrants included in the Option Securities.

5. This Option shall not entitle the Holder to any voting, dividend, or other rights as a stockholder of the Company.

6. (a) During the period set forth in paragraph 1(a) hereof, the Company shall advise the Holder or its transferee, whether the Holder holds the Option or has exercised the Option and holds Option Securities or any of the securities underlying the Option Securities, by written notice at least 30 days prior to the filing of any post-effective amendment to the Registration

Statement or of any new registration statement or post-effective amendment thereto under the Act covering any securities of the Company, for its own account or for the account of others (other than a registration statement on Form S-4 or S-8 or any successor forms thereto), and will for a period of five years from the effective date of the Registration Statement, upon the request of the Holder, include in any such post-effective amendment or registration statement, such information as may be required to permit a public offering of the Option, all or any of the Common Stock, or Warrants included in the Securities or the Common Stock issuable upon the exercise of the Warrants (the "Registrable Securities"). The Company shall supply prospectuses and such other documents as the Holder may request in order to facilitate the public sale or other disposition of the Registrable Securities, use its best efforts to register and qualify any of the Registrable Securities for sale in such states as such Holder designates provided that the Company shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any jurisdiction in any action and do any and all other acts and

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things which may be reasonably necessary or desirable to enable such Holders to consummate the public sale or other disposition of the Registrable Securities, and furnish indemnification in the manner provided in paragraph 7 hereof. The Holder shall furnish information and indemnification as set forth in paragraph 7 except that the maximum amount which may be recovered from the Holder shall be limited to the amount of proceeds received by the Holder from the sale of the Registrable Securities. The Company shall use its best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the holders of Registrable Securities requested to be included in the registration to include such securities in such underwritten offering on the same terms and conditions as any similar securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering advises the holders of Registrable Securities that the total amount of securities which they intend to include in such offering is such as to materially and adversely affect the success of such offering, then the amount of securities to be offered for the accounts of holders of Registrable Securities shall be eliminated, reduced, or limited to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, if any, recommended by such managing underwriter or underwriters (any such reduction or limitation in the total amount of Registrable Securities to be included in such offering to be borne by the holders of Registrable Securities proposed to be included therein pro rata). The Holder will pay its own legal fees and expenses and any underwriting discounts and commissions on the securities sold by such Holder and shall not be responsible for any other expenses of such registration.

(b) If any 50% holder (as defined below) shall give notice to the Company at any time during the period set forth in paragraph l(a) hereof to the effect that such holder desires to register under the Act this Option or any of the underlying securities contained in the Option Securities underlying the Option under such circumstances that a public distribution (within the meaning of the Act) of any such securities will be involved then the Company will promptly, but no later than 60 days after receipt of such notice, file a post-effective amendment to the current Registration Statement or a new registration statement pursuant to the Act, to the end that the

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Option and/or any of the Securities underlying the Option Securities may be publicly sold under the Act as promptly as practicable thereafter and the Company will use its best efforts to cause such registration to become and remain effective for a period of at least six (6) months (including the taking of such steps as are reasonably necessary to obtain the removal of any stop order); provided that such holder shall furnish the Company with appropriate information in connection therewith as the Company may reasonably request in writing. The 50% holder (which for purposes hereof shall mean any direct or

indirect transferee of such holder) may, at its option, request the filing of a post-effective amendment to the current Registration Statement or a new registration statement under the Act with respect to the Registrable Securities on only one occasion during the term of this Option. The Holder may at its option request the registration of the Option and/or any of the securities underlying the Option in a registration statement made by the Company as contemplated by Section 6(a) or in connection with a request made pursuant to this Section 6(b) prior to acquisition of the Securities issuable upon exercise of the Option and even though the Holder has not given notice of exercise of the Option. The 50% holder may, at its option, request such post-effective amendment or new registration statement during the described period with respect to the Option or separately as to the Units and/or Warrants included in the Option and/or the Common Stock issuable upon the exercise of the Warrants, and such registration rights may be exercised by the 50% holder prior to or subsequent to the exercise of the Option. Within ten business days after receiving any such notice pursuant to this subsection (b) of paragraph 6, the Company shall give notice to the other holders of the Options, advising that the Company is proceeding with such post-effective amendment or registration statement and offering to include therein the securities underlying the Options of the other holders. Each holder electing to include its Registrable Securities in any such offering shall provide written notice to the Company within twenty (20) days after receipt of notice from the Company. The failure to provide such notice to the Company shall be deemed conclusive evidence of such holder's election not to include its Registrable Securities in such offering. Each holder electing to include its Registrable Securities shall furnish the Company with such appropriate information (relating to the intentions of such holders) in connection therewith as the

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Company shall reasonably request in writing. All costs and expenses of only one such post-effective amendment or new registration statement shall be borne by the Company, except that the holders shall bear the fees of their own counsel and any underwriting discounts or commissions applicable to any of the securities sold by them.

The Company shall be entitled to postpone the filing of any registration statement pursuant to this Section 6(b) otherwise required to be prepared and filed by it if (i) the Company is engaged in a material acquisition, reorganization, or divestiture, (ii) the Company is currently engaged in a self-tender or exchange offer and the filing of a registration statement would cause a violation of Regulation M under the Securities Exchange Act of 1934, (iii) the Company is engaged in an underwritten offering and the managing underwriter has advised the Company in writing that such a registration statement would have a material adverse effect on the consummation of such offering or (iv) the Company is subject to an underwriter's lock-up as a result of an underwritten public offering and such underwriter has refused in writing, the Company's request to waive such lock-up. In the event of such postponement, the Company shall be required to file the registration statement pursuant to this Section 6(b), within 60 days of the consummation of the event requiring such postponement.

The Company will use its best efforts to maintain such registration statement or post-effective amendment current under the Act for a period of at least six months (and for up to an additional three months if requested by the Holder) from the effective date thereof. The Company shall supply prospectuses, and such other documents as the Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities, use its best efforts to register and qualify any of the Registrable Securities for sale in such states as such holder designates, provided that the Company shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any jurisdiction in any action and furnish indemnification in the manner provided in paragraph 7 hereof.

(c) The term "50% holder" as used in this paragraph 6

shall mean the holder of at least 50% of the Common Stock and the Warrants underlying the Option (considered in the aggregate) and shall include any owner or combination of owners of such securities, which ownership shall be calculated by determining the number of shares of Common Stock held by such owner or owners as well as the number of shares then issuable upon exercise of the Warrants.

7. (a) Whenever pursuant to paragraph 6 a registration statement relating to the Option or any shares or warrants issued or issuable upon the exercise of any Options, is filed under the Act, amended or supplemented, the Company will indemnify and hold harmless each holder of the securities covered by such registration statement, amendment, or supplement (such holder being hereinafter called the "Distributing Holder"), and each person, if any, who controls (within the meaning of the Act) the Distributing Holder, and each underwriter (within the meaning of the Act) of such securities and each person, if any, who controls (within the meaning of the Act) any such underwriter, against any losses, claims, damages, or liabilities, joint or several, to which the Distributing Holder, any such controlling person or any such underwriter may become subject, under the 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 any such registration statement or any preliminary prospectus or final prospectus constituting a part thereof or any amendment or supplement thereto, or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse the Distributing Holder and each such controlling person and underwriter for any legal or other expenses reasonably incurred by the Distributing Holder or such controlling person or underwriter in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the Company will not be liable in any such case 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 said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written

information furnished by such Distributing Holder or any other Distributing Holder, for use in the preparation thereof.

(b) The Distributing Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed said registration statement and such amendments and supplements thereto, each person, if any, who controls the Company (within the meaning of the Act) against any losses, claims, damages, or liabilities, joint and several, to which the Company or any such director, officer, or controlling person may become subject, under the Act or otherwise, insofar as such losses, claims, damages, or liabilities arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder for use in the preparation thereof; and will reimburse the Company or any such director, officer, or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action.

(c) Promptly after receipt by an indemnified party under this paragraph 7 of notice of the commencement of any action, such indemnified party

will, if a claim in respect thereof is to be made against any indemnifying party, give the indemnifying party notice of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Paragraph 7.

(d) In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to

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participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this paragraph 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof.

8. The Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of this Option shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Notwithstanding anything to the contrary contained in the Warrant Agreement, in the event an adjustment to the Exercise Price is effected pursuant to this Subsection (a) (and a corresponding adjustment to the number of Option Securities is made pursuant to Subsection (d) below), the exercise price of the Warrants shall be adjusted so that it shall equal the price determined by multiplying the exercise price of the Warrants by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such action and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. In such event, there shall be no adjustment to the number of shares of Common Stock or other securities issuable upon exercise of the

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Warrants. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) In case the Company shall fix a record date for the issuance of rights or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price (the "Subscription Price") (or having a conversion price per share) less than the current market price of the Common Stock (as defined in Subsection (e) below) on the record date mentioned below, the Exercise Price shall be adjusted so that the same shall equal the price determined by multiplying the number of shares then comprising an Option Security by the product of the Exercise Price in effect immediately prior to the date of such issuance multiplied by a fraction, the numerator of which shall be the sum of the number of shares of Common Stock outstanding on the record date mentioned below and the number of additional shares of Common Stock which the aggregate offering price of the total number of shares of Common

Stock so offered (or the aggregate conversion price of the convertible securities so offered) would purchase at such current market price per share of the Common Stock, and the denominator of which shall be the sum of the number of shares of Common Stock outstanding on such record date and the number of additional shares of Common Stock offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such rights or warrants are issued and shall become effective immediately after the record date for the determination of shareholders entitled to receive such rights or warrants; and to the extent that shares of Common Stock are not delivered (or securities convertible into Common Stock are not delivered) after the expiration of such rights or warrants the Exercise Price shall be readjusted to the Exercise Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made upon the basis of delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered.

(c) In case the Company shall hereafter distribute to the holders of its Common Stock evidences of its indebtedness or assets (excluding cash dividends or distributions and dividends

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or distributions referred to in Subsection (a) above) or subscription rights or warrants (excluding those referred to in Subsection (b) above), then in each such case the Exercise Price in effect thereafter shall be determined by multiplying the number of shares then comprising an Option Securities by the product of the Exercise Price in effect immediately prior thereto multiplied by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding multiplied by the current market price per share of Common Stock (as defined in Subsection (e) below), less the fair market value (as determined by the Company's Board of Directors) of said assets or evidences of indebtedness so distributed or of such rights or warrants, and the denominator of which shall be the total number of shares of Common Stock outstanding multiplied by such current market price per share of Common Stock. Such adjustment shall be made successively whenever such a record date is fixed. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution.

(d) Whenever the Exercise Price payable upon exercise of this Option is adjusted pursuant to Subsections (a), (b) or (c) above, the number of Option Securities purchasable upon exercise of this Option shall simultaneously be adjusted by multiplying the number of Option Securities initially issuable upon exercise of this Option by the Exercise Price in effect on the date hereof and dividing the product so obtained by the Exercise Price, as adjusted.

(e) For the purpose of any computation under Subsections (b) or (c) above, the current market price per share of Common Stock at any date shall be deemed to be the average of the daily closing prices for 20 consecutive business days before such date. The closing price for each day shall be the last sale price regular way or, in case no such reported sale takes place on such day, the average of the last reported bid and asked prices regular way, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on such exchange, the average of the highest reported bid and lowest reported asked prices as reported by the NASD OTC Electronic

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Bulletin Board, or other similar organization if the NASD OTC Electronic Bulletin Board is no longer reporting such information, or if not so available, the fair market price as determined by the Board of Directors.

(f) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least fifteen cents (\$0.15) in such price; provided, however, that any adjustments

which by reason of this Subsection (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment required to be made hereunder. All calculations under this Section 8 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be. Anything in this Section 8 to the contrary notwithstanding, the Company shall be entitled, but shall not be required, to make such changes in the Exercise Price, in addition to those required by this Section 8, as it shall determine, in its sole discretion, to be advisable in order that any dividend or distribution in shares of Common Stock, or any subdivision, reclassification or combination of Common Stock, hereafter made by the Company shall not result in any Federal income tax liability to the holders of Common Stock or securities convertible into Common Stock (including Warrants issuable upon exercise of this Option).

(g) Whenever the Exercise Price is adjusted, as herein provided, the Company shall promptly, but no later than 10 days after any request for such an adjustment by the Holder, cause a notice setting forth the adjusted Exercise Price and adjusted number of Option Securities issuable upon exercise of this Option and, if requested, information describing the transactions giving rise to such adjustments, to be mailed to the Holder, at the address set forth herein, and shall cause a certified copy thereof to be mailed to its transfer agent, if any. The Company may retain a firm of independent certified public accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) to make any computation required by this Section 8, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment.

(h) In the event that at any time, as a result of an

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adjustment made pursuant to Subsection (a) above, the Holder thereafter shall become entitled to receive any shares of the Company, other than Common Stock, thereafter the number of such other shares so receivable upon exercise of this Option 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 Common Stock contained in Subsections (a) to (g), inclusive above.

9. This Agreement shall be governed by and in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, PC411, Inc., has caused this Option to be signed by its duly authorized officers under its corporate seal, and this Option to be dated the date first above written.

PC411, INC.

By: /s/ Robert M. Lundgren

Name: Robert M. Lundgren
Title: Vice President

(Corporate Seal)

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PURCHASE FORM

(To be signed only upon exercise of option)

THE UNDERSIGNED, the holder of the foregoing Option, hereby irrevocably elects to exercise the purchase rights represented by such Option for, and to purchase thereunder, _____ Units of PC411, Inc., each Unit consisting of one (1) Share of Common Stock, \$.01 par value per share, and one (1) Class A Redeemable Common Stock Purchase Warrant of PC411, Inc. herewith makes payment of \$ _____ therefor, and requests that the certificates

for Units be issued in the name(s) of, and delivered to _____
whose address(es) is (are) _____.

Dated:

TRANSFER FORM

(To be signed only upon transfer of the Option)

For value received, the undersigned hereby sells, assigns, and
transfers unto _____ the right to purchase Units of
PC411, Inc., in the numbers set forth below represented by the foregoing Option
to the extent of _____ Units and appoints _____ attorney
to transfer such rights on the books of PC411, Inc., with full power of
substitution in the premises.

Dated:

By: _____

Address:

In the presence of:

Exhibit 4.4

WARRANT AGREEMENT

AGREEMENT, dated as of this 14th day of May, 1997, by and between PC411, INC., a Delaware corporation ("Company"), and American Stock Transfer & Trust Company, as Warrant Agent (the "Warrant Agent").

WITNESSETH:

WHEREAS, in connection with a public offering of 1,150,000 Units ("Units") each Unit consisting of (i) one (1) share (collectively, the "Shares") of the Company's Common Stock, \$.01 par value per share ("Common Stock") and (ii) one (1) Redeemable Class A Common Stock Purchase Warrant (collectively, the "Warrants") pursuant to an underwriting agreement (the "Underwriting Agreement") dated May 14, 1997 between the Company and Biltmore Securities, Inc. ("Biltmore"), the issuance to New Valley Corporation ("NVC") or its designees of 1,000,000 Warrants (the "NVC Warrants") and the issuance to Biltmore or its designees of an Underwriter's Option to purchase an aggregate number of Units as shall equal 6.4% of the number of Units (excluding the over allotment option and the NVC Warrants) being underwritten for the account of the Company at a price per option, equal to 165% of the initial public offering price of the Warrants, (the "Underwriter's Option"), the Company will issue up to 2,396,100 Warrants, consisting of 1,150,000 Warrants in the initial offering, 1,000,000 NVC Warrants, 172,500 Warrants as part of an over-allotment option (the "Over-Allotment Option") granted to Biltmore and 73,600 Warrants contained in the Underwriter's Option;

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer, exchange and redemption of the Warrants, the issuance of certificates representing the Warrants, the exercise of the Warrants, and the rights of the holders thereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth and for the purpose of

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defining the terms and provisions of the Warrants and the certificates representing the Warrants and the respective rights and obligations thereunder of the Company, the holders of certificates representing the Warrants and the Warrant Agent, the parties hereto agree as follows:

1. DEFINITIONS. As used herein, the following terms shall have the following meanings, unless the context shall otherwise require:

(a) "Common Stock" shall mean the common stock of the Company of which at the date hereof consists of 25,000,000 authorized shares, \$.01 par value, and shall also include any capital stock of any class of the Company thereafter authorized which shall not be limited to a fixed sum or percentage in respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution, or winding up of the Company; provided, however, that the shares issuable upon exercise of the Warrants shall include (i) only shares of such class designated in the Company's Certificate of Incorporation as Common Stock on the date of the original issue of the Warrants or (ii), in the case of any reclassification, change, consolidation, merger, sale, or conveyance of the character referred to in Section 9(c) hereof, the stock, securities, or property provided for in such section or (iii), in the case of any reclassification or change in the outstanding shares of Common Stock issuable upon exercise of the Warrants as a result of a subdivision or combination or a change in par value, or from par value to no par value, or from no par value to par value, such shares of Common Stock as so reclassified or changed.

(b) "Corporate Office" shall mean the office of the Warrant Agent (or its successor) at which at any particular time its principal business shall be administered, which office is located at the date hereof at 40 Wall Street, New York, New York 10005.

(c) "Exercise Date" shall mean, as to any Warrant, the date on which the Warrant Agent shall have received both (a) the Warrant Certificate representing such Warrant, with the exercise form thereon duly executed by the Registered Holder (as defined below) thereof or his attorney duly authorized in writing, and (b) payment in cash, or by official bank or certified check made

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payable to the Company, of an amount in lawful money of the United States of America equal to the applicable Purchase Price (as defined below).

(d) "Initial Warrant Exercise Date" shall mean May 14, 1998.

(e) "Purchase Price" shall mean the purchase price per share to be paid upon exercise of each Warrant in accordance with the terms hereof, which price shall be not less than \$6.10 per share with respect to the Warrants, subject to adjustment from time to time pursuant to the provisions of Section 9 hereof, and subject to agreement by the Company and Biltmore.

(f) "Redemption Price" shall mean the price at which the Company may, at its option, redeem the Warrants, in accordance with the terms hereof, which price shall be \$0.01 per Warrant.

(g) "Registered Holder" or "Holder" shall mean as to any Warrant and as of any particular date, the person in whose name the certificate representing the Warrant shall be registered on that date on the books maintained by the Warrant Agent pursuant to Section 6.

(h) "Transfer Agent" shall mean American Stock Transfer and Trust Company as the Company's transfer agent, or its authorized successor, as such.

(i) "Warrant Expiration Date" shall mean 5:00 P.M. (New York time) on May 13, 2002 or the Redemption Date as defined in Section 8, whichever is earlier at which time, all outstanding Warrants shall be and become void and all rights of all holders thereof and under this Agreement shall cease; provided that if such date shall in the State of New York be a holiday or a day on which banks are authorized or required to close, then 5:00 P.M. (New York time) on the next following day which in the State of New York is not a holiday or a day on which banks are authorized or required to close. Upon thirty (30) days written notice to all warrant holders, the Company shall have the right to extend the warrant expiration date.

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2. APPOINTMENT OF WARRANT AGENT; WARRANTS AND ISSUANCE OF WARRANT CERTIFICATES.

(a) The Company hereby appoints the Warrant Agent to act as Agent for the Company in accordance with the provisions set forth in this Agreement, and the Warrant Agent hereby accepts such appointment.

(b) A Warrant initially shall entitle the Registered Holder of the Warrant representing such Warrant to purchase one share of Common Stock upon the exercise thereof, in accordance with the terms hereof, subject to modification and adjustment as provided in Section 9.

(c) Upon execution of this Agreement, Warrant Certificates representing the number of Warrants sold pursuant to the Underwriting Agreement shall be executed by the Company and delivered to the Warrant Agent. Upon written order of the Company signed by its President or a Vice President and by its Secretary or an Assistant Secretary, the Warrant Certificates shall be countersigned, issued, and delivered by the Warrant Agent.

(d) From time to time, up to the Warrant Expiration Date, the Transfer Agent shall countersign and deliver stock certificates in required whole number denominations representing up to an aggregate of 2,396,100 shares

of Common Stock, subject to adjustment as described herein, upon the exercise of Warrants in accordance with this Agreement.

(e) From time to time, up to the Warrant Expiration Date, the Warrant Agent shall countersign and deliver Warrant Certificates in required whole number denominations to the persons entitled thereto in connection with any transfer or exchange permitted under this Agreement; provided that no Warrant Certificates shall be issued except (i) those initially issued, including the NVC Warrants and those issued as part of the Over-Allotment Option, (ii) those issued on or after the Initial Warrant Exercise Date, upon the exercise of fewer than all Warrants represented by any Warrant Certificate, to evidence any unexercised warrants held by the exercising Registered Holder, (iii) those issued upon any transfer or exchange pursuant to Section 6; (iv) those issued in replacement of lost, stolen,

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destroyed, or mutilated Warrant Certificates pursuant to Section 7; (v) those issued pursuant to the Underwriter's Option; and (vi) those issued at the option of the Company, in such form as may be approved by the its Board of Directors, to reflect any adjustment or change in the Purchase Price, the number of shares of Common Stock purchasable upon exercise of the Warrants or the Redemption Price therefor made pursuant to Section 9 hereof.

(f) Pursuant to the terms of the Underwriter's Option, Biltmore may purchase up to 73,600 additional Warrants.

3. FORM AND EXECUTION OF WARRANT CERTIFICATES.

(a) The Warrant Certificates shall be substantially in the form annexed hereto as Exhibit A (the provisions of which are hereby incorporated herein) and may have such letters, numbers, or other marks of identification or designation and such legends, summaries, or endorsements printed, lithographed, or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Warrants may be listed, or to conform to usage or to the requirements of Section 2(c). The Warrant Certificates shall be dated the date of issuance thereof (whether upon initial issuance, transfer, exchange, or in lieu of mutilated, lost, stolen, or destroyed Warrant Certificates) and issued in registered form. Warrant Certificates shall be numbered serially with the letter W.

(b) Warrant Certificates shall be executed on behalf of the Company by its President, or any Vice President and by its Secretary or an Assistant Secretary, by manual signatures or by facsimile signatures printed thereon, and shall have imprinted thereon a facsimile of the Company's seal. Warrant Certificates shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be an officer of the Company or to hold the particular office referenced in the Warrant Certificate before the date of issuance of the Warrant Certificates or before countersignature by the Warrant Agent and issue and

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delivery thereof, such Warrant Certificates may nevertheless be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the person who signed such Warrant Certificates had not ceased to be an officer of the Company or to hold such office. After countersignature by the Warrant Agent, Warrant Certificates shall be delivered by the Warrant Agent to the Registered Holder without further action by the Company, except as otherwise provided by Section 4 hereof.

4. EXERCISE. Each Warrant may be exercised by the Registered Holder

thereof at any time on or after the Initial Warrant Exercise Date, but not after the Warrant Expiration Date, upon the terms and subject to the conditions set forth herein and in the applicable Warrant Certificate. Warrants may only be exercised for purchase of whole shares of Common Stock. The rights of purchase represented by the Warrants shall be exercisable, at the election of the Registered Holders thereof, either in full or from time to time in part. Warrants may be exercised upon surrender to the Company at the principal office of the Warrant Agent, of the certificate or certificates evidencing the Warrants to be exercised (except as otherwise provided herein), together with the form of election to purchase on the reverse thereof duly filled in and signed and upon payment to the Warrant Agent for the account of the Company of the purchase price for the number of shares of Common Stock issuable on exercise of the Warrants then being exercised. Payment of the aggregate purchase price shall be made in cash or by certified or official bank check. A Warrant shall be deemed to have been exercised immediately prior to the close of business on the Exercise Date and the person entitled to receive the securities deliverable upon such exercise shall be treated for all purposes as the holder of those securities upon the exercise of the Warrant as of the close of business on the Exercise Date. As soon as practicable on or after the Exercise Date, the Warrant Agent shall deposit the proceeds received from the exercise of a Warrant and shall notify the Company in writing of the exercise of the Warrants. Promptly following, and in any event within five (5) business days after the date of such notice from the Warrant Agent, the Warrant Agent, on behalf of the Company, shall cause to be issued and delivered by the Transfer Agent, to the person or persons entitled to receive the same, a certificate or certificates for the securities deliverable upon such exercise (plus a certificate for any remaining unexercised Warrants of the Registered Holder), unless prior to the date of issuance of such certificates the Company shall instruct the Warrant Agent to refrain from causing such issuance of certificates pending

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clearance of checks received in payment of the Purchase Price pursuant to such Warrants. Upon the exercise of any Warrant and clearance of the funds received, the Warrant Agent shall promptly remit the payment received for the Warrant to the Company or as the Company may direct in writing.

5. RESERVATION OF SHARES; LISTING; PAYMENT OF TAXES, ETC.

(a) The Company covenants that it will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issue upon exercise of Warrants, such number of shares of Common Stock as shall then be issuable upon the exercise of all outstanding Warrants. The Company covenants that all shares of Common Stock which shall be issuable upon exercise of the Warrants shall, upon payment of the Purchase Price and at the time of delivery, be duly and validly issued, fully paid, nonassessable, and free from all taxes, liens, and charges with respect to the issue thereof, (other than those which the Company shall promptly pay or discharge) and that upon issuance such shares shall be listed on each national securities exchange or eligible for inclusion in each automated quotation system, if any, on which the other shares of outstanding Common Stock of the Company are then listed or eligible for inclusion.

(b) The Company is not obligated to deliver any shares of Common Stock pursuant to the exercise of any Warrant unless the appropriate required registration with, or approval of, any governmental authority has been obtained; provided, however, that if any securities to be reserved for the purpose of exercise of Warrants hereunder require registration with, or approval of, any governmental authority under any federal securities law before such securities may be validly issued or delivered upon such exercise, then the Company will, to the extent the Purchase Price is less than the Market Price (as hereinafter defined), in good faith and as expeditiously as reasonably possible, endeavor to secure such registration or approval and will use its reasonable efforts to obtain appropriate approvals or registrations under state "blue sky" securities laws. With respect to any such securities, however, Warrants may not be exercised by, or shares of Common Stock issued to, any Registered Holder in any state in which such exercise would be unlawful. The Company is not obligated to qualify the shares of Common Stock issuable upon

exercise of the Warrants for sale in any jurisdiction where any Registered Holder thereof may reside, however, the Company is

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obligated to endeavor to seek registration or approval for the sale of the shares of Common Stock issuable upon exercise of the Warrants in those states in which Warrants were sold pursuant to the Company's initial registration statement pursuant to the Underwriting Agreement and in such other states in which an exemption from registration is available.

(c) The Company shall pay all documentary, stamp, or similar taxes and other governmental charges that may be imposed with respect to the issuance of Warrants, or the issuance, or delivery of any shares of Common Stock upon exercise of the Warrants; provided, however, that if the shares of Common Stock are to be delivered in a name other than the name of the Registered Holder of the Warrant Certificate representing any Warrant being exercised, then no such delivery shall be made unless the person requesting the same has paid to the Warrant Agent the amount of transfer taxes or charges incident thereto, if any.

(d) The Warrant Agent is hereby irrevocably authorized for such time as it is acting as such to requisition the Company's Transfer Agent from time to time for certificates representing shares of Common Stock issuable upon exercise of the Warrants, and the Company will authorize the Transfer Agent to comply with all such proper requisitions. The Company will file with the Warrant Agent a statement setting forth the name and address of the Transfer Agent of the Company for shares of Common Stock issuable upon exercise of the Warrants.

6. EXCHANGE AND REGISTRATION OF TRANSFER.

(a) Warrant Certificates may be exchanged for other Warrant Certificates representing an equal aggregate number of Warrants of the same class or may be transferred in whole or in part. Warrant Certificates to be exchanged shall be surrendered to the Warrant Agent at its Corporate Office, and upon satisfaction of the terms and provisions hereof, the Company shall execute and the Warrant Agent shall countersign, issue, and deliver in exchange therefor the Warrant Certificate or Certificates which the Registered Holder making the exchange shall be entitled to receive.

(b) The Warrant Agent shall keep at its Corporate Office books in which, subject to such reasonable regulations as

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it may prescribe, it shall register Warrant Certificates and the transfer thereof in accordance with its regular practice. Upon due presentment for registration of transfer of any Warrant Certificate at such office, the Company shall execute and the Warrant Agent shall issue and deliver to the transferee or transferees a new Warrant Certificate or Certificates representing an equal aggregate number of Warrants.

(c) With respect to all Warrant Certificates presented for registration or transfer, or for exchange or exercise, the subscription form on the reverse thereof shall be duly endorsed, or be accompanied by a written instrument or instruments of transfer and subscription, in form satisfactory to the Company and the Warrant Agent, duly executed by the Registered Holder or the Registered Holder's attorney-in-fact duly authorized in writing.

(d) A service charge may be imposed by the Warrant Agent for any exchange or registration of transfer of Warrant Certificates. In addition, the Company may require payment by such Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(e) All Warrant Certificates surrendered for exercise or for exchange in case of mutilated Warrant Certificates shall be promptly canceled

by the Warrant Agent and thereafter retained by the Warrant Agent until termination of this Agreement or resignation as Warrant Agent, or disposed of or destroyed, at the direction of the Company.

(f) Prior to due presentment for registration of transfer thereof, the Company and the Warrant Agent may deem and treat the Registered Holder of any Warrant Certificate as the absolute owner thereof and of each Warrant represented thereby (notwithstanding any notations of ownership or writing thereon made by anyone other than a duly authorized officer of the Company or the Warrant Agent) for all purposes and shall not be affected by any notice to the contrary.

7. LOSS OR MUTILATION. Upon receipt by the Company and the Warrant Agent of evidence satisfactory to them of the ownership of and loss, theft, destruction, or mutilation of any Warrant Certificate and (in case of loss, theft, or destruction) of indemnity satisfactory to them, and (in the case of

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mutilation) upon surrender and cancellation thereof, the Company shall execute and the Warrant Agent shall (in the absence of notice to the Company and/or Warrant Agent that the Warrant Certificate has been acquired by a bona fide purchaser) countersign and deliver to the Registered Holder in lieu thereof a new Warrant Certificate of like tenor representing an equal aggregate number of Warrants. Applicants for a substitute Warrant Certificate shall comply with such other reasonable regulations and pay such other reasonable charges as the Warrant Agent may prescribe.

8. REDEMPTION.

(a) On not less than thirty (30) days notice given at any time after the Initial Warrant Exercise Date, the Warrants may be redeemed, at the option of the Company, at a redemption price of \$.01 per Warrant, provided that the Market Price of the Company's Common Stock equals or exceeds \$9.625 (the "Target Price"). "Market Price" for the purpose of this Section 8 shall mean (i) the average closing bid price for any twenty (20) consecutive trading days ending within five (5) days prior to the date of the notice of redemption, of the Common Stock as reported by Nasdaq, the National Association of Securities Dealers Over-the-Counter Electronic Bulletin Board or the National Quotation Bureau or (ii) the last reported sale price, for twenty (20) consecutive trading days ending within five (5) days of the date of the notice of redemption, on the primary exchange on which the Common Stock is traded, if the Common Stock is traded on a national securities exchange; provided, however, that the Company may not under any circumstances call for the redemption of the Underwriter's Option.

(b) If the conditions set forth in Section 8(a) are met, and the Company desires to exercise its right to redeem the Warrants, it shall mail a notice of redemption to each of the Registered Holders of the Warrants to be redeemed, first class, postage prepaid, not later than the thirtieth day before the date fixed for redemption, at their last address as shall appear on the records maintained pursuant to Section 6(b). Any notice mailed in the manner provided herein shall be conclusively presumed to have been duly given whether or not the Registered Holder receives such notice.

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(c) The notice of redemption shall specify (i) the redemption price, (ii) the date fixed for redemption, (iii) the place where the Warrant Certificates shall be delivered and the redemption price paid, and (iv) that the right to exercise the Warrant shall terminate at 5:00 P.M. (New York time) on the business day immediately preceding the date fixed for redemption. The date fixed for the redemption of the Warrant shall be the Redemption Date. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to a Registered Holder (1) to whom notice was not mailed or (2) whose notice was defective and then only to the extent that the Registered Holder is prejudiced thereby. An affidavit of the Warrant Agent or of the Secretary or an Assistant

Secretary of the Company that notice of redemption has been mailed shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(d) Any right to exercise a Warrant shall terminate at 5:00 P.M. (New York time) on the business day immediately preceding the Redemption Date. On and after the Redemption Date, Holders of the Warrants shall have no further rights except to receive, upon surrender of the Warrant, the Redemption Price.

(e) From and after the Redemption Date specified for, the Company shall, at the place specified in the notice of redemption, upon presentation and surrender to the Company by or on behalf of the Registered Holder thereof of one or more Warrant Certificates evidencing Warrants to be redeemed, deliver or cause to be delivered to or upon the written order of such Holder a sum in cash equal to the redemption price of each such Warrant. From and after the Redemption Date and upon the deposit or setting aside by the Company of a sum sufficient to redeem all the Warrants called for redemption, such Warrants shall expire and become void and all rights hereunder and under the Warrant Certificates, except the right to receive payment of the Redemption Price, shall cease.

(f) If the shares of the Company's Common Stock are subdivided or combined into a greater or smaller number of shares of Common Stock, the Target Price shall be proportionally adjusted by the ratio which the total number of shares of Common Stock outstanding immediately prior to such event bears to the total number of shares of Common Stock to be outstanding immediately after such event.

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9. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES OF COMMON STOCK OR WARRANTS.

(a) Subject to the exceptions referred to in Section 9(g) below, in the event the Company shall, at any time or from time to time after the date hereof combine the outstanding shares of Common Stock into a greater or lesser number of shares (any such sale, issuance, subdivision, or combination being herein called a "Change of Shares"), then, and thereafter upon each further Change of Shares, the Purchase Price in effect immediately prior to such Change of Shares shall be changed to a price (including any applicable fraction of a cent) determined by multiplying the Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be the sum of the number of shares of Common Stock outstanding immediately prior to the issuance of such additional shares and the number of shares of Common Stock which the aggregate consideration received (determined as provided in subsection 9(f) below) for the issuance of such additional shares would purchase at such current market price per share of Common Stock, and the denominator of which shall be the sum of the number of shares of Common Stock outstanding immediately after the issuance of such additional shares. Such adjustment shall be made successively whenever such an issuance is made.

Upon each adjustment of the Purchase Price pursuant to this Section 9, the total number of shares of Common Stock purchasable upon the exercise of each Warrant shall (subject to the provisions contained in Section 9(b) hereof) be such number of shares (calculated to the nearest tenth) purchasable at the Purchase Price in effect immediately prior to such adjustment multiplied by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment.

(b) The Company may elect, upon any adjustment of the Purchase Price hereunder, to adjust the number of Warrants outstanding, in lieu of the adjustment in the number of shares of Common Stock purchasable upon the exercise of each Warrant as hereinabove provided, so that each Warrant outstanding after such adjustment shall represent the right to purchase one share of Common Stock. Each Warrant held of record prior to such

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adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest tenth) determined by multiplying the number one by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment. Upon each adjustment of the number of Warrants pursuant to this Section 9, the Company shall, as promptly as practicable, cause to be distributed to each Registered Holder of Warrant Certificates on the date of such adjustment Warrant Certificates evidencing, subject to Section 10 hereof, the number of additional Warrants to which such Holder shall be entitled as a result of such adjustment or, at the option of the Company, cause to be distributed to such Holder in substitution and replacement for the Warrant Certificates held by him prior to the date of adjustment (and upon surrender thereof, if required by the Company) new Warrant Certificates evidencing the number of Warrants to which such Holder shall be entitled after such adjustment.

(c) In case of any reclassification, capital reorganization, or other change of outstanding shares of Common Stock, or in case of any consolidation or merger of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification, capital reorganization, or other change of outstanding shares of Common Stock), or in case of any sale or conveyance to another corporation of the property of the Company as, or substantially as, an entirety (other than a sale/leaseback, mortgage, or other financing transaction), the Company shall cause effective provisions to be made so that each Holder of a Warrant then outstanding shall have the right thereafter, by exercising such Warrant, to purchase the kind and number of shares of stock or other securities or property (including cash) receivable upon such reclassification, capital reorganization, or other change, consolidation, merger, sale, or conveyance by a Holder of the number of shares of Common Stock that might have been purchased upon exercise of such Warrant immediately prior to such reclassification, capital reorganization, or other change, consolidation, merger, sale, or conveyance. Any such provision shall include a provision for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 9. The Company shall not effect any such

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consolidation, merger, or sale unless prior to or simultaneously with the consummation thereof the successor (if other than the Company) resulting from such consolidation or merger or the corporation purchasing assets or other appropriate corporation or entity shall assume, by written instrument executed and delivered to the Warrant Agent, the obligation to deliver to the Holder of each Warrant such shares of stock, securities, or assets as, in accordance with the foregoing provisions, such Holders may be entitled to purchase and the other obligations under this Agreement. The foregoing provisions shall similarly apply to successive reclassification, capital reorganizations, and other changes of outstanding shares of Common Stock and to successive consolidations, mergers, sales, or conveyances.

(d) Irrespective of any adjustments or changes in the Purchase Price or the number of shares of Common Stock purchasable upon exercise of the Warrants, the Warrant Certificates theretofore and thereafter issued shall, unless the Company shall exercise its option to issue new Warrant Certificates pursuant to Section 2(e) hereof, continue to express the Purchase Price per share, the number of shares purchasable thereunder, and the Redemption Price therefor as were expressed in the Warrant Certificates when the same were originally issued.

(e) After each adjustment of the Purchase Price pursuant to this Section 9, the Company will promptly prepare a certificate signed by the President or a Vice President, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, of the Company setting forth: (i) the Purchase Price as so adjusted, (ii) the number of shares of Common Stock purchasable upon exercise of each Warrant after such adjustment, and, if the Company shall have elected to adjust the number of Warrants, the number of Warrants to which the registered holder of each Warrant shall then be entitled, and the adjustment in Redemption Price resulting therefrom, and (iii) a brief

statement of the facts accounting for such adjustment. The Company will promptly file such certificate with the Warrant Agent and cause a brief summary thereof to be sent by ordinary first class mail to Biltmore and to each Registered Holder of Warrants at his last address as it shall appear on the registry books of the Warrant Agent. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity thereof except as to the Holder to whom the Company failed to mail such notice, or except as to the Holder whose

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notice was defective. The affidavit of an officer of the Warrant Agent or the Secretary or an Assistant Secretary of the Company that such notice has been mailed shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(f) For purposes of Section 9(a) and 9(b) hereof, the following provisions (i) to (vii) shall also be applicable:

(i) The number of shares of Common Stock outstanding at any given time shall include shares of Common Stock owned or held by or for the account of the Company and the sale or issuance of such treasury shares or the distribution of any such treasury shares shall not be considered a Change of Shares for purposes of said sections.

(ii) No adjustment of the Purchase Price shall be made unless such adjustment would require an increase or decrease of at least \$.15 in such price; provided that any adjustments which by reason of this subsection (ii) are not required to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment(s) so carried forward, shall require an increase or decrease of at least \$.15 in the Purchase Price then in effect hereunder.

(iii) In case of (1) the sale by the Company for cash of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or any securities convertible into or exchangeable for Common Stock without the payment of any further consideration other than cash, if any (such convertible or exchangeable securities being herein called "Convertible Securities"), or (2) the issuance by the Company, without the receipt by the Company of any consideration therefor, of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, in each case, if (and only if) the consideration payable to

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the Company upon the exercise of such rights, warrants, or options shall consist of cash, whether or not such rights, warrants, or options, or the right to convert or exchange such Convertible Securities, are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights, warrants, or options or upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the minimum aggregate consideration payable to the Company upon the exercise of such rights, warrants, or options, plus the consideration received by the Company for the issuance or sale of such rights, warrants, or options, plus, in the case of such Convertible Securities, the minimum aggregate amount of additional consideration, if any, other than such Convertible Securities, payable upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such rights, warrants, or options or upon the conversion or exchange of such Convertible Securities) is less than the fair market value of the Common Stock (determined in accordance with the provisions of Section 10 hereof) on the date of the issuance or sale of such rights, warrants, or options, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights, warrants, or options or upon the conversion or exchange of such Convertible Securities (as of the date of the issuance or sale of such rights, warrants, or options) shall be deemed to be outstanding shares of Common Stock for purposes of Sections 9(a) and 9(b)

hereof and shall be deemed to have been sold for cash in an amount equal to such price per share.

(iv) In case of the sale by the Company for cash of any Convertible Securities, whether or not the right of conversion or exchange thereunder is immediately exercisable, and the price per share for which Common Stock is issuable upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the total amount of consideration received by the Company for the sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, other than such Convertible Securities, payable upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities) is less than the fair market value of the Common Stock (determined in accordance with the provisions of Section 10 hereof) on the date of the sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities (as of the date of the sale of such Convertible Securities) shall be deemed to be outstanding shares of Common Stock for purposes of Sections 9(a) and 9(b) hereof and shall be deemed to have been sold for cash in an amount equal to such price per share.

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(v) In case the Company shall modify the rights of conversion, exchange, or exercise of any of the securities referred to in subsection (iii) above or any other securities of the Company convertible, exchangeable, or exercisable for shares of Common Stock, for any reason other than an event that would require adjustment to prevent dilution, so that the consideration per share received by the Company after such modification is less than the Market Price on the date prior to such modification, the Purchase Price to be in effect after such modification shall be determined by multiplying the Purchase Price in effect immediately prior to such event by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding multiplied by the Market Price on the date prior to the modification plus the number of shares of Common Stock which the aggregate consideration receivable by the Company for the securities affected by the modification would purchase at the Market Price and of which the denominator shall be the number of shares of Common Stock outstanding on such date plus the number of shares of Common Stock to be issued upon conversion, exchange, or exercise of the modified securities at the modified rate. Such adjustment shall become effective as of the date upon which such modification shall take effect.

(vi) On the expiration of any such right, warrant, or option or the termination of any such right to convert or exchange any such Convertible Securities, the Purchase Price then in effect hereunder shall forthwith be readjusted to such Purchase Price as would have obtained (1) had the adjustments made upon the issuance or sale of such rights, warrants, options, or Convertible Securities been made upon the basis of the issuance of only the number of shares of Common Stock theretofore actually delivered (and the total consideration received therefor) upon the exercise of such rights, warrants, or options or upon the conversion or exchange of such Convertible Securities and (2) had adjustments been made on the basis of the Purchase Price as adjusted under clause (1) for all transactions (which would have affected such adjusted Purchase Price) made after the issuance or sale of such rights, warrants, options, or Convertible Securities.

(vii) In case of the sale for cash of any shares of Common Stock, any Convertible Securities, any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, the consideration

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received by the Company therefor shall be deemed to be the gross sales price therefor without deducting therefrom any expense paid or incurred by the Company or any underwriting discounts or commissions or concessions paid or allowed by the Company in connection therewith.

(g) No adjustment to the Purchase Price of the Warrants or to the number of shares of Common Stock purchasable upon the exercise of each Warrant will be made, however,

(i) upon the sale or exercise of the Warrants, including without limitation the sale or exercise of any of the Units the Warrants or Common Stock comprising the Underwriter's Option, including the NVC Warrants; or

(ii) upon the sale of any shares of Common Stock in the Company's initial public offering, including, without limitation, shares sold upon the exercise of any over-allotment option granted to the Underwriters in connection with such offering; or

(iii) upon the issuance or sale of Common Stock or Convertible Securities upon the exercise of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, whether or not such rights, warrants, or options were outstanding on the date of the original sale of the Warrants or were thereafter issued or sold; or

(iv) upon the issuance or sale of Common Stock upon conversion or exchange of any Convertible Securities, whether or not any adjustment in the Purchase Price was made or required to be made upon the issuance or sale of such Convertible Securities and whether or not such Convertible Securities were outstanding on the date of the original sale of the Warrants or were thereafter issued or sold; or

(v) upon the issuance or sale of Common Stock or Convertible Securities in an exempt transaction under securities laws unless the issuance or sale price is less than 85% of the fair market value of the Common Stock on the date of issuance, in which case the adjustment shall only be for the difference between 85% of the fair market value and the issue or sale price;

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(vi) upon the issuance or sale of Common Stock or Convertible Securities to stockholders of any corporation which merges and/or consolidates into or is acquired by the Company or from which the Company acquires assets and some or all of the consideration consists of equity securities of the Company, in proportion to their stock holdings of such corporation immediately prior to the acquisition but only if no adjustment is required pursuant to any other provision of this Section 9;

(vii) upon the issuance or exercise of options or upon the issuance or grant of stock awards granted to the Company's directors, employees or consultants under a plan or plans adopted by the Company's Board of Directors and approved by its stockholders (but only to the extent that the aggregate number of shares excluded hereby and issued after the date hereof shall not exceed ten percent (10%) of the Company's authorized Common Stock at the time of issuance);

(viii) upon the issuance of Common Stock to the Company's directors, employees or consultants under a plan or plans which are qualified under the Internal Revenue Code; or

(ix) upon the issuance of Common Stock in a bona fide public offering pursuant to a firm commitment underwriting.

(h) Any determination as to whether an adjustment in the Purchase Price in effect hereunder is required pursuant to Section 9, or as to the amount of any such adjustment, if required, shall be binding upon the holders of the Warrants and the Company if made in good faith by the Board of Directors of the Company.

(i) If and whenever the Company shall grant to the holders of Common Stock, as such, rights or warrants to subscribe for or to purchase, or any options for the purchase of, Common Stock or securities convertible into or exchangeable for or carrying a right, warrant, or option to purchase Common Stock, the Company shall concurrently therewith grant to each Registered Holder as of the record date for such transaction of the Warrants then outstanding, the rights, warrants, or options to which each Registered Holder would have

been entitled if, on the record date used to determine the stockholders entitled to the rights, warrants, or options being granted by the Company, the Registered Holder was the holder of record of the number of whole shares of

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Common Stock then issuable upon exercise (assuming, for purposes of this section 9(i), that exercise of Warrants is permissible during periods prior to the Initial Warrant Exercise Date) of his Warrants. Such grant by the Company to the holders of the Warrants shall be in lieu of any adjustment which otherwise might be called for pursuant to this Section 9.

10. FRACTIONAL WARRANTS AND FRACTIONAL SHARES.

If the number of shares of Common Stock purchasable upon the exercise of each Warrant is adjusted pursuant to Section 9 hereof, the Company nevertheless shall not be required to issue fractions of shares, upon exercise of the Warrants or otherwise, or to distribute certificates that evidence fractional shares. In such event, the Company may at its option elect to round up the number of shares to which the Holder is entitled to the nearest whole share or to pay cash in respect of fractional shares in accordance with the following: With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share, determined as follows:

(a) If the Common Stock is listed on a National Securities Exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the NASDAQ Quotation System or the NASD Over-the-Counter Electronic Bulletin Board, the current market value shall be the last reported sale price of the Common Stock on such exchange on the last business day prior to the date of exercise of the Warrant or if no such sale is made on such day, the average of the closing bid and asked prices for such day on such exchange; or

(b) If the Common Stock is not listed or admitted to unlisted trading privileges, the current value shall be the mean of the last reported bid and asked prices reported by the National Quotation Bureau, Inc. on the last business day prior to the date of the exercise of the Warrant; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current market value shall be an amount determined in such reasonable manner as may be prescribed by the Board of Directors of the Company.

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11. WARRANT HOLDERS NOT DEEMED STOCKHOLDERS. No Holder of Warrants shall, as such, be entitled to vote or to receive dividends or be deemed the holder of Common Stock that may at any time be issuable upon exercise of such Warrants for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the Holder of Warrants, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, or conveyance or otherwise), or to receive notice of meetings, or to receive dividends or subscription rights, until such Holder shall have exercised such Warrants and been issued shares of Common Stock in accordance with the provisions hereof.

12. RIGHTS OF ACTION. All rights of action with respect to this Agreement are vested in the respective Registered Holders of the Warrants, and any Registered Holder of a Warrant, without consent of the Warrant Agent or of the Holder of any other Warrant, may, in his own behalf and for his own benefit, enforce against the Company his right to exercise his Warrants for the purchase of shares of Common Stock in the manner provided in the Warrant Certificate and this Agreement.

13. AGREEMENT OF WARRANT HOLDERS. Every Holder of a Warrant, by his acceptance thereof, consents and agrees with the Company, the Warrant Agent and every other Holder of a Warrant that:

(a) The Warrants are transferable only on the registry books of the Warrant Agent by the Registered Holder thereof in person or by his attorney duly authorized in writing and only if the Warrant Certificates representing such Warrants are surrendered at the office of the Warrant Agent, duly endorsed or accompanied by a proper instrument of transfer satisfactory to the Warrant Agent and the Company in their mutual discretion, together with payment of any applicable transfer taxes; and

(b) The Company and the Warrant Agent may deem and treat the person in whose name the Warrant Certificate is registered as the holder and as the absolute, true, and lawful

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owner of the Warrants represented thereby for all purposes, and neither the Company nor the Warrant Agent shall be affected by any notice or knowledge to the contrary, except as otherwise expressly provided in Section 7 hereof.

14. CANCELLATION OF WARRANT CERTIFICATES. If the Company shall purchase or acquire any Warrant or Warrants, the Warrant Certificate or Warrant Certificates evidencing the same shall thereupon be delivered to the Warrant Agent and canceled by it and retired. The Warrant Agent shall also cancel Common Stock following exercise of any or all of the Warrants represented thereby or delivered to it for transfer, split up, combination, or exchange.

15. CONCERNING THE WARRANT AGENT. The Warrant Agent acts hereunder as agent and in a ministerial capacity for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not, by issuing and delivering Warrant Certificates or by any other act hereunder, be deemed to make any representations as to the validity, value, or authorization of the Warrant Certificates or the Warrants represented thereby or of any securities or other property delivered upon exercise of any Warrant or whether any stock issued upon exercise of any Warrant is fully paid and nonassessable.

The Warrant Agent shall not at any time be under any duty or responsibility to any Holder of Warrant Certificates to make or cause to be made any adjustment of the Purchase Price or the Redemption Price provided in this Agreement, or to determine whether any fact exists which may require any such adjustments, or with respect to the nature or extent of any such adjustment, when made, or with respect to the method employed in making the same. It shall not (i) be liable for any recital or statement of facts contained herein or for any action taken, suffered, or omitted by it in reliance on any Warrant Certificate or other document or instrument believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties, (ii) be responsible for any failure on the part of the Company to comply with any of its covenants and obligations contained in this Agreement or in any Warrant Certificate, or (iii) be liable for any act or omission in connection with this Agreement except for its own negligence or willful misconduct.

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The Warrant Agent may at any time consult with counsel satisfactory to it (who may be counsel for the Company) and shall incur no liability or responsibility for any action taken, suffered or omitted by it in good faith in accordance with the opinion or advice of such counsel.

Any notice, statement, instruction, request, direction, order, or demand of the Company shall be sufficiently evidenced by an instrument signed by the President, any Vice President, its Secretary, or Assistant Secretary, (unless other evidence in respect thereof is herein specifically prescribed). The Warrant Agent shall not be liable for any action taken, suffered or omitted by it in accordance with such notice, statement, instruction, request, direction, order, or demand reasonably believed by it to

be genuine.

The Company agrees to pay the Warrant Agent reasonable compensation for its services hereunder and to reimburse it for its reasonable expenses hereunder; it further agrees to indemnify the Warrant Agent and save it harmless against any and all losses, expenses, and liabilities, including judgments, costs, and counsel fees, for anything done or omitted by the Warrant Agent in the execution of its duties and powers hereunder except losses, expenses, and liabilities arising as a result of the Warrant Agent's negligence or willful misconduct.

The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own negligence or willful misconduct), after giving thirty (30) days prior written notice to the Company. The Warrant Agent may be removed by like notice from the Company to the Warrant Agent. At least fifteen (15) days prior to the date such resignation or removal is to become effective, the Warrant Agent or the Company shall cause a copy of such notice of resignation or removal to be mailed to the Registered Holder of each Warrant Certificate at the Company's expense. Upon such resignation or removal, or any inability of the Warrant Agent to act as such hereunder, the Company shall appoint a new warrant agent in writing. If the Company shall fail to make such appointment within a period of fifteen (15) days after such removal or after it has been notified in writing of such resignation by the resigning Warrant Agent, then the Registered Holder of any Warrant Certificate may apply to any court of competent jurisdiction in the State of New

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York for the appointment of a new warrant agent. Any new warrant agent, whether appointed by the Company or by such a court, shall be a bank or trust company having a capital and surplus, as shown by its last published report to its stockholders, of not less than \$50,000,000 or a stock transfer company. After acceptance in writing of such appointment by the new warrant agent is received by the Company, such new warrant agent shall be vested with the same powers, rights, duties, and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act, or deed and the former Warrant Agent shall deliver and transfer to the successor warrant agent any property at the time held by it hereunder; but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act, or deed, the same shall be done at the expense of the Company and shall be legally and validly executed and delivered by the resigning Warrant Agent. Not later than the effective date of any such appointment, the Company shall file notice thereof with the resigning or removed Warrant Agent and shall forthwith cause a copy of such notice to be mailed to the Registered Holder of each Warrant Certificate.

Any corporation into which the Warrant Agent or any new warrant agent may be converted or merged or any corporation resulting from any consolidation to which the Warrant Agent or any new warrant agent shall be a party or any corporation succeeding to the trust business of the Warrant Agent shall be a successor warrant agent under this Agreement without any further act, provided that such corporation is eligible for appointment as successor to the Warrant Agent under the provisions of the preceding paragraph. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed to the Company and to the Registered Holder of each Warrant Certificate. If at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, any of the Warrants shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant so countersigned; and if at the time any of the Warrants shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrants in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and, in all such cases, the Warrants shall have the full force provided in the Warrants and in this Agreement.

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In any case at any time the name of the Warrant Agent shall

be changed and at such time any of the Warrants shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrants so countersigned; and, in case at the time any of the Warrants shall have not been countersigned, the Warrant Agent may countersign such Warrants either in its prior name or in its changed name; and, in all such cases, such Warrants shall have the full force provided in the Warrants and in this Agreement.

The Warrant Agent, its subsidiaries and affiliates, and any of its or their officers or directors, may buy and hold or sell Warrants or other securities of the Company and otherwise deal with the Company in the same manner and to the same extent and with like effects as though it were not the Warrant Agent. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company if so authorized by the Company or for any other legal entity.

16. **MODIFICATION OF AGREEMENT.** The Warrant Agent and the Company may by supplemental agreement make any changes or corrections in this Agreement (a) that they shall deem appropriate to cure any ambiguity or to correct any defective or inconsistent provision or manifest mistake or error herein contained; or (b) that they may deem necessary or desirable and which shall not adversely affect the interests of the Holders of Warrant Certificates; PROVIDED, HOWEVER, that this Agreement shall not otherwise be modified, supplemented, or altered in any respect except with the consent in writing of the Registered Holders of Warrant Certificates representing not less than fifty percent (50%) of the Warrants then outstanding; and PROVIDED, FURTHER, that no change in the number or nature of the securities purchasable upon the exercise of any Warrant, or the Purchase Price therefor, or the acceleration of the Warrant Expiration Date, shall be made without the consent in writing of the Registered Holder of the Warrant Certificate representing such Warrant, other than such changes as are specifically prescribed by this Agreement as originally executed or are made in compliance with applicable law.

17. **NOTICES.** All notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been made when delivered or mailed first class registered

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or certified mail, postage prepaid as follows: if to the Registered Holder of a Warrant Certificate, at the address of such Holder as shown on the registry books maintained by the Warrant Agent; if to the Company, 9800 S. La Cienega Boulevard, Inglewood, California 90301-4440, Attention: President, or at such other address as may have been furnished to the Warrant Agent in writing by the Company; and if to the Warrant Agent, at its corporate office.

18. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

19. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of the Company and the Warrant Agent, and their respective successors and assigns, and the holders from time to time of Warrant Certificates. Nothing in this Agreement is intended or shall be construed to confer upon any other person any right, remedy, or claim, in equity or at law, or to impose upon any other person any duty, liability, or obligation.

20. **TERMINATION.** This Agreement shall terminate on the Warrant Expiration Date or such earlier date upon which all Warrants have been exercised, except that the Warrant Agent shall account to the Company for cash held by it and the provisions of Section 15 hereof shall survive such termination.

21. **COUNTERPARTS.** This Agreement may be executed in several counterparts, which taken together shall constitute a single document.

22. **CAPTIONS.** The captions of the sections and subsections of this Agreement have been inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

23. CERTAIN TERMINOLOGY. As used herein, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders. Except where the context otherwise requires, references to "this section" or words of similar import shall be deemed to refer to the entire section and not a particular subsection and references to "hereunder", "herein", "hereof" or words of similar import shall be deemed to refer to the entire Agreement and not the

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particular section or subsection.

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

PC411, INC.

By: /s/ Robert M. Lundgren

Name: Robert M. Lundgren
Title: Vice President

AMERICAN STOCK TRANSFER & TRUST
COMPANY

By: /s/ Susan Silber

Name: Susan Silber
Title: Assistant Secretary

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EXHIBIT A

[Form of Face of Warrant Certificate]

No. W Warrants

VOID AFTER 5:00 P.M. NEW YORK CITY TIME
ON MAY 13, 2002

CUSIP: 70453T119

REDEEMABLE CLASS A COMMON STOCK PURCHASE WARRANT CERTIFICATE
FOR PURCHASE OF COMMON STOCK

PC411, INC.

THIS CERTIFIES THAT FOR VALUE RECEIVED

or registered assigns (the "Registered Holder") is the owner of the number of Redeemable Class A Warrants ("Warrants") specified above. Each Warrant initially entitles the Registered Holder to purchase, subject to the terms and conditions set forth in this Certificate and the Warrant Agreement (as hereinafter defined), one fully paid and nonassessable share of Common Stock, \$.01 par value ("Common Stock"), of PC411, INC., a Delaware corporation (the "Company"), at any time between the Effective Date (as herein defined) and the Expiration Date (as hereinafter defined), upon the presentation and surrender of this Warrant Certificate with the Subscription Form on the reverse hereof duly executed, at the corporate office of AMERICAN STOCK TRANSFER & TRUST COMPANY as Warrant Agent, or its successor (the "Warrant Agent"), accompanied by payment of \$6.10 (the "Purchase Price") in lawful money of the United States

of America in cash or by official bank or certified check made payable to PC411, INC.

This Warrant Certificate and each Warrant represented hereby are issued pursuant to and are subject in all respects to the terms and conditions set forth in the Warrant Agreement (the "Warrant Agreement") dated May 14, 1997, by and between the Company and the Warrant Agent. Copies of the Warrant Agreement are on file at the office of the Warrant Agent.

In the event of certain contingencies provided for in the Warrant Agreement, the Purchase Price or the number of shares of Common Stock subject to purchase upon the exercise of each Warrant represented hereby are subject to modification or adjustment.

Upon thirty days prior written notice to the holder thereof, the Company has the right to reduce the Purchase Price and/or extend the term of the Warrants.

Each Warrant represented hereby is exercisable at the option of the Registered Holder, but no fractional shares of Common Stock will be issued. In the case of the exercise of less than all the Warrants represented hereby, the Company shall cancel this Warrant Certificate upon the surrender hereof and shall execute and deliver a new Warrant Certificate or Warrant Certificates of like tenor, which the Warrant Agent shall countersign, for the balance of such Warrants.

The term "Effective Date" shall mean May 14, 1998.

The term "Expiration Date" shall mean 5:00 p.m. (New York time on May 13, 2002, or such earlier date as the Warrants shall be redeemed. If such date shall in the State of New York be a holiday or a day on which the banks are authorized to close, then the Expiration Date shall mean 5:00 p.m. (New York time) the next following day which in the State of New York is not a holiday or a day on which banks are authorized to close.

The Company shall not be obligated to deliver any securities pursuant to the exercise of this Warrant unless a registration statement under the Securities Act of 1933, as amended, with respect to such securities is effective. This Warrant shall not be exercisable by a Registered Holder in any state where such exercise would be unlawful.

This Warrant Certificate is exchangeable, upon the surrender hereof by the Registered Holder at the corporate office of the Warrant Agent, for a new Warrant Certificate or Warrant Certificates of like tenor representing an equal aggregate number of Warrants, each of such new Warrant Certificates to represent such number of Warrants as shall be designated by such Registered Holder at the time of such surrender. Upon due presentment with any transfer fee in addition to any tax or other governmental charge imposed in connection therewith, for registration of transfer of this Warrant Certificate at such office, a new Warrant Certificate or Warrant Certificates representing an equal aggregate number of Warrants will be issued to the transferee in exchange therefor, subject to the limitations provided in the Warrant Agreement.

Prior to the exercise of any Warrant represented hereby, the Registered Holder shall not be entitled to any rights of a stockholder of the Company, including, without limitation, the right

to vote or to receive dividends or other distributions, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided in the Warrant Agreement.

This Warrant may be redeemed at the option of the Company, at a redemption price of \$.01 per Warrant at any time after one (1) year from May 14, 1997 if, and only if, (i) the average closing bid price for any twenty consecutive trading days ending within five (5) days prior to the date of the notice of redemption of the Common Stock as reported by the National Association of Securities Dealers, Inc. Automated Quotation System, the NASD

Over-the-Counter Electronic Bulletin Board or the National Quotation Bureau or (ii) the last reported sale price, for twenty (20) consecutive trading days ending within five (5) days of the date of the notice of redemption, on the primary exchange on which the Common Stock is traded, if the Common Stock is traded on a national securities exchange, equals or exceeds \$9.625. Notice of redemption shall be given not later than the thirtieth day before the date fixed for redemption, all as provided in the Warrant Agreement. On and after the date fixed for redemption, the Registered Holder shall have no rights with respect to this Warrant except to receive the \$.01 per Warrant upon surrender of this Certificate.

Prior to due presentment for registration of transfer hereof, the Company and the Warrant Agent may deem and treat the Registered Holder as the absolute owner hereof and of each Warrant represented hereby (notwithstanding any notations of ownership or writing hereon made by anyone other than a duly authorized officer of the Company or the Warrant Agent) for all purposes and shall not be affected by any notice to the contrary.

This Warrant Certificate shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any principles or rules of conflicts of law.

This Warrant Certificate is not valid unless countersigned by the Warrant Agent.

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IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed, manually or in facsimile by two of its officers thereunto duly authorized and a facsimile of its corporate seal to be imprinted hereon.

PC411, INC.

By: _____
Name:
Title:

Date: _____

[Seal]

COUNTERSIGNED:

AMERICAN STOCK TRANSFER & TRUST COMPANY
as Warrant Agent

By: _____
Name:
Title:

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[Form of Reverse of Warrant Certificate]

SUBSCRIPTION FORM

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full

according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors
Act.....
(State)

Additional abbreviations may also be used though not in the above
list.

To Be Executed by the Registered Holder in Order to Exercise Warrants

THE UNDERSIGNED REGISTERED HOLDER hereby irrevocably elects to
exercise _____ Warrants represented by this Warrant Certificate, and to
purchase the securities issuable upon the exercise of such Warrants, and
requests that certificates for such securities shall be issued in the name of

(please insert taxpayer identification or other identifying number)

and be delivered to

(please print or type name and address)

and if such number of Warrants shall not be all the Warrants evidenced by this
Warrant Certificate, that a new Warrant Certificate for the balance of such
Warrants be registered in the name of, and delivered to, the Registered Holder
at the address stated below:

(Address)

(Date)

(Taxpayer Identification Number)

Signature Guaranteed: _____

The undersigned represents that the exercise of the within Warrant was solicited
by Biltmore Securities, Inc. If not solicited by Biltmore Securities, Inc.,
please write "unsolicited" in the space below. Unless otherwise indicated, it

will be assumed that the exercise was solicited by Biltmore Securities, Inc.

(Write "Unsolicited" on above line if not solicited by Biltmore Securities, Inc.)

Dated: _____
Signature

SIGNATURE GUARANTEED

ASSIGNMENT

To Be Executed by the Registered Holder in Order to Assign Warrants
FOR VALUE RECEIVED, _____ hereby sells, assigns, and

transfers unto

(please insert taxpayer identification or other identifying number)

(please print or type name and address)

of the Warrants represented by this Warrant Certificate, and hereby irrevocably constitutes and appoints _____ Attorney to transfer this Warrant Certificate on the books of the Company, with full power of substitution in the premises.

(Date)

SIGNATURE GUARANTEED

THE SIGNATURE TO THE ASSIGNMENT OR THE SUBSCRIPTION FORM MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS WARRANT CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY AN ELIGIBLE GRANTOR INSTITUTION WHICH IS A PARTICIPANT IN THE SECURITIES TRANSFER ASSOCIATION PROGRAM.

Exhibit 10.1

PC411, INC.

1997 STOCK OPTION PLAN

1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.

The purpose of the PC411, Inc. 1997 Stock Option Plan (the "Plan") is to align the interests of executive officers, other key employees and nonemployee directors of PC411, Inc. (the "Company") and its subsidiaries with those of the stockholders of the Company, to afford an incentive to such officers, employees and directors to continue as such, to increase their efforts on behalf of the Company and to promote the success of the Company's business. To further such purposes, the Committee may grant options to purchase shares of the Company's common stock. The provisions of the Plan are intended to satisfy the requirements of Section 16(b) of the Securities Exchange Act of 1934 and of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall be interpreted in a manner consistent with the requirements thereof, as now or hereafter construed, interpreted and applied by regulations, rulings and cases.

2. DEFINITIONS.

As used in this Plan, the following words and phrases shall have the meanings indicated below:

(a) "Agreement" shall mean a written agreement entered into between the Company and an Optionee in connection with an award under the Plan.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Cause," when used in connection with the termination of an Optionee's employment by the Company or the cessation of an Optionee's service as a member of the Board, shall mean (i) the conviction of the Optionee for the commission of a felony, (ii) the willful and continued failure by the Optionee substantially to perform his duties and obligations to the Company or a Subsidiary (other than any such failure resulting from his incapacity due to physical or mental illness), or (iii) the willful engaging by the Optionee in misconduct that is demonstrably injurious to the Company or a Subsidiary. For purposes of this Section 2(c), no act, or failure to act, on an Optionee's part shall be considered "willful" unless done, or omitted to be done, by the Optionee in bad faith and without reasonable belief that his action or omission was in the best interest of the Company. The Committee shall determine whether a termination of employment is for Cause for purposes of the Plan.

(d) "Change in Control" shall mean the occurrence of the event set forth in any of the following paragraphs:

(i) any Person (as defined below) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its subsidiaries) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or a direct or indirect subsidiary thereof with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its subsidiaries) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this Section 2(d), "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or

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other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) "Committee" shall mean a committee established by the Board to administer the Plan.

(g) "Common Stock" shall mean shares of common stock, par value \$0.01 per share, of the Company.

(h) "Company" shall mean PC411, Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.

(i) "Disability" shall mean an Optionee's inability to perform his duties with the Company or on the Board by reason of any medically determinable physical or mental impairment, as determined by a physician selected by the Optionee and acceptable to the Company.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and as now or hereafter construed, interpreted and applied by regulations, rulings and cases.

(k) "Fair Market Value" per share as of a particular date shall mean (i) if the shares of Common Stock are then listed on a national securities exchange, the closing sales price per share of Common Stock on the national securities exchange on which the Common Stock is principally traded for the last preceding date on which there was a sale of such Common Stock on such exchange, or (ii) if the shares of Common Stock are then traded in an

over-the-counter market, the closing bid price for the shares of Common Stock in such over-the-counter market for the last preceding date on which there was a sale of such Common Stock in such market, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine.

(l) "Incentive Stock Option" shall mean any option intended to be and designated as an incentive stock option within the meaning of Section 422 of the Code.

(m) "Nonemployee Director" shall mean a member of the Board who is not an employee of the Company.

(n) "Nonqualified Option" shall mean an Option that is not an Incentive Stock Option.

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(o) "Option" shall mean the right, granted hereunder, to purchase shares of Common Stock. Options granted by the Committee pursuant to the Plan may constitute either Incentive Stock Options or Nonqualified Stock Options.

(p) "Optionee" shall mean a person who receives a grant of an Option.

(q) "Option Price" shall mean the exercise price of the shares of Common Stock covered by an Option.

(r) "Parent" shall mean any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of granting an Option, each of the companies other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

(s) "Plan" shall mean this PC411, Inc. 1997 Stock Option Plan.

(t) "Retirement" shall mean the retirement of an Optionee in accordance with the terms of any tax-qualified retirement plan maintained by the Company or a Subsidiary in which the Optionee participates. If the Optionee is not a participant in such a plan, such term shall mean the termination of the Optionee's employment or cessation of the Optionee's service as a member of the Board, other than by reason of death, Disability or Cause on or after attainment of the age of 65.

(u) "Rule 16b-3" shall mean Rule 16b-3, as from time to time in effect, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act, including any successor to such Rule.

(v) "Subsidiary" shall mean any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of granting an Option, each of the companies other than the last company in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

(w) "Ten Percent Stockholder" shall mean an Optionee who, at the time an Incentive Stock Option is granted, owns (or is deemed to own pursuant to the attribution rules of Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.

3. ADMINISTRATION.

The Plan shall be administered by the Committee, the members of which shall, except as may otherwise be determined by the Board, be "nonemployee directors" under Rule 16b-3 and "outside directors" under Section

The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Options; to determine which Options shall constitute Incentive Stock Options and which Options shall constitute Nonqualified Stock Options; to determine the purchase price of the shares of Common Stock covered by each Option; to determine the persons to whom, and the time or times at which awards shall be granted; to determine the number of shares to be covered by each award; to interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Agreements (which need not be identical) and to cancel or suspend awards, as necessary; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, including delegating to one or more of the Company's management employees the authority to grant Options to employees who are not "insiders" for purposes of Section 16 of the Exchange Act and who are not "covered employees" for purposes of Section 162(m) of the Code, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Board shall have sole authority, unless expressly delegated to the Committee, to grant Options to Nonemployee Directors. All decisions, determination and interpretations of the Committee shall be final and binding on all Optionees of any awards under this Plan.

The Board shall have the authority to fill all vacancies, however caused, in the Committee. The Board may from time to time appoint additional members to the Committee, and may at any time remove one or more Committee members. One member of the Committee shall be selected by the Board as chairman. The Committee shall hold its meetings at such times and places as it shall deem advisable. All determinations of the Committee shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may appoint a secretary and make such rules and regulations for the conduct of its business as it shall deem advisable, and shall keep minutes of its meetings.

No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any award granted hereunder.

4. ELIGIBILITY.

Awards may be granted to executive officers and other key employees of the Company, and its Subsidiaries, including officers and directors who are employees, and to Nonemployee Directors. In determining the persons to whom awards shall be granted and the number of shares to be covered by each award, the Committee shall take into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

5. STOCK.

The maximum number of shares of Common Stock reserved for the grant of awards under the Plan shall be 750,000, subject to adjustment as provided in Section 9 hereof. Such shares may, in whole or in part, be authorized but unissued shares or shares that shall have been or may be reacquired by the Company.

If any outstanding award under the Plan should for any reason expire,

be cancelled or be forfeited without having been exercised in full, the shares of Common Stock allocable to the unexercised, cancelled or terminated portion of such award shall (unless the Plan shall have been terminated) become available for subsequent grants of awards under the Plan.

In no event may an Optionee be granted during any calendar year an Option to acquire more than 500,000 shares of Common Stock.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option granted pursuant to the Plan shall be evidenced by an Agreement, in such form and containing such terms and conditions as the Committee shall from time to time approve, which Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Option Agreement:

(a) NUMBER OF SHARES. Each Option Agreement shall state the number of shares of Common Stock to which the Option relates.

(b) TYPE OF OPTION. Each Option Agreement shall specifically state that the Option constitutes an Incentive Stock Option or a Nonqualified Stock Option.

(c) OPTION PRICE. Each Option Agreement shall state the Option Price, which shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Common Stock covered by the Option on the date of grant unless, with respect to Nonqualified Stock Options, otherwise determined by the Committee. The Option Price shall be subject to adjustment as provided in Section 9 hereof. The date as of which the Committee adopts a resolution expressly granting an Option shall be considered the day on which such Option is granted, unless such resolution specifies a different date.

(d) MEDIUM AND TIME OF PAYMENT. The Option Price shall be paid in full, at the time of exercise, in cash or in shares of Common Stock then owned by the Optionee having a Fair Market Value equal to such Option Price or in a combination of cash and Common Stock or, unless the Committee shall determine otherwise, by a cashless exercise procedure through a broker-dealer.

(e) EXERCISE SCHEDULE AND PERIOD OF OPTIONS. Each Option Agreement shall provide the exercise schedule for the Option as determined by the Committee; PROVIDED, HOWEVER, that, the Committee shall have the authority to accelerate the exercisability of any out-

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standing Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. The exercise period shall be ten (10) years from the date of the grant of the Option unless otherwise determined by the Committee; PROVIDED, HOWEVER, that, in the case of an Incentive Stock Option, such exercise period shall not exceed ten (10) years from the date of grant of such Option. The exercise period shall be subject to earlier termination as provided in Sections 6(f) and 6(g) hereof. An Option may be exercised, as to any or all full shares of Common Stock as to which the Option has become exercisable, by written notice delivered in person or by mail to the Secretary of the Company, specifying the number of shares of Common Stock with respect to which the Option is being exercised.

(f) TERMINATION. Except as provided in this Section 6(f) and in Section 6(g) hereof, an Option may not be exercised unless (i) with respect to an Optionee who is an employee of the Company, the Optionee is then in the employ of the Company or a Subsidiary (or a company or a Parent or Subsidiary company of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies), and unless the Optionee has remained continuously so employed since the date of grant of the Option and (ii) with respect to an Optionee who is a Nonemployee Director, the Optionee is then serving as a member of the Board or as a member of a board of directors of a company or a Parent or Subsidiary company of such company issuing or assuming the Option. In the event that the employment of an Optionee shall terminate or the service of an Optionee as a member of the Board shall cease (other than by reason of death, Disability, Retirement or Cause), all Options of such Optionee

that are exercisable at the time of such termination may, unless earlier terminated in accordance with their terms, be exercised within ninety (90) days after the date of such termination or service (or such different period as the Committee shall prescribe).

(g) DEATH, DISABILITY OR RETIREMENT OF OPTIONEE. If an Optionee shall die while employed by the Company or a Subsidiary or serving as a member of the Board, or within ninety (90) days after the date of termination of such Optionee's employment or cessation of such Optionee's service (or within such different period as the Committee may have provided pursuant to Section 6(f) hereof), or if the Optionee's employment shall terminate or service shall cease by reason of Disability or Retirement, all Options theretofore granted to such Optionee (to the extent otherwise exercisable) may, unless earlier terminated in accordance with their terms, be exercised by the Optionee or by his beneficiary, at any time within one year after the death, Disability or Retirement of the Optionee (or such different period as the Committee shall prescribe). In the event that an Option granted hereunder shall be exercised by the legal representatives of a deceased or former Optionee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative to exercise such Option. Unless otherwise determined by the Committee, Options not otherwise exercisable on the date of termination of employment shall be forfeited as of such date.

(h) OTHER PROVISIONS. The Option Agreements evidencing awards under the Plan shall contain such other terms and conditions not inconsistent with the Plan as the Committee may determine, including penalties for the commission of competitive acts.

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7. NONDISCRETIONARY GRANTS

Each director of the Company who is not a full-time employee of the Company, upon first taking office shall be granted options for 6,000 shares of Common Stock exercisable at the fair market value of such shares at the date of grant. Options covering 3,000 shares shall be exercisable immediately upon grant and Options covering 3,000 shares shall be exercisable on the first anniversary of the date of grant. Subsequently, annual grants of options to purchase 3,000 shares of Common Stock, exercisable at the fair market value of such shares on the date of grant, shall be made upon such person's reelection as a director of the Company.

8. NONQUALIFIED STOCK OPTIONS.

Options granted pursuant to this Section 8 are intended to constitute Nonqualified Stock Options and shall be subject only to the general terms and conditions specified in Section 6 hereof.

9. INCENTIVE STOCK OPTIONS.

Options granted pursuant to this Section 9 are intended to constitute Incentive Stock Options and shall be subject to the following special terms and conditions, in addition to the general terms and conditions specified in Section 6 hereof. An Incentive Stock Option may not be granted to a Nonemployee Director.

(a) VALUE OF SHARES. The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options granted under this Plan and all other option plans of any subsidiary become exercisable for the first time by each Optionee during any calendar year shall not exceed \$100,000.

(b) TEN PERCENT STOCKHOLDER. In the case of an Incentive Stock Option granted to a Ten Percent Stockholder, (i) the Option Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of the shares of Common Stock on the date of grant of such Incentive Stock Option, and (ii) the exercise period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.

10. EFFECT OF CERTAIN CHANGES.

(a) In the event of any extraordinary dividend, stock dividend, recapitalization, merger, consolidation, stock split, warrant or rights issuance, or combination or exchange of such shares, or other similar transactions, each of the number of shares of Common Stock available for awards, the number of such shares covered by outstanding awards, and the price per share of Options, as appropriate, shall be equitably adjusted by the Committee to reflect such event and preserve the value of such awards; provided, however, that any fractional shares resulting from such adjustment shall be eliminated.

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(b) Upon the occurrence of a Change in Control, each Option granted under the Plan and then outstanding but not yet exercisable shall thereupon become fully exercisable.

11. SURRENDER AND EXCHANGE OF AWARDS.

The Committee may permit the voluntary surrender of all or a portion of any Option granted under the Plan or any option granted under any other plan, program or arrangement of the Company or any Subsidiary ("Surrendered Option"), to be conditioned upon the granting to the Optionee of a new Option for the same number of shares of Common Stock as the Surrendered Option, or may require such voluntary surrender as a condition precedent to a grant of a new Option to such Optionee. Subject to the provisions of the Plan, such new Option may be an Incentive Stock Option or a Nonqualified Stock Option, and shall be exercisable at the price, during such period and on such other terms and conditions as are specified by the Committee at the time the new Option is granted.

12. PERIOD DURING WHICH AWARDS MAY BE GRANTED.

Awards may be granted pursuant to the Plan from time to time within a period of ten (10) years from the date the Plan is adopted by the Board, or the date the Plan is approved by the shareholders of the Company, whichever is earlier, unless the Board shall terminate the Plan at an earlier date.

13. NONTRANSFERABILITY OF AWARDS.

Except as otherwise determined by the Committee, awards granted under the Plan shall not be transferable otherwise than by will or by the laws of descent and distribution, and awards may be exercised or otherwise realized, during the lifetime of the Optionee, only by the Optionee or by his guardian or legal representative.

14. APPROVAL OF SHAREHOLDERS.

The Plan shall take effect upon its adoption by the Board and shall terminate on the tenth anniversary of such date, but the Plan (and any grants of awards made prior to the shareholder approval mentioned herein) shall be subject to the approval of Company's shareholders, which approval must occur within twelve months of the date the Plan is adopted by the Board.

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15. AGREEMENT BY OPTIONEE REGARDING WITHHOLDING TAXES.

If the Committee shall so require, as a condition of exercise of a Nonqualified Stock Option (a "Tax Event"), each Optionee who is not a Nonemployee Director shall agree that no later than the date of the Tax Event, such Optionee will pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state or local taxes of any kind required by law to be withheld upon the Tax Event. Alternatively, the Committee may provide that such an Optionee may elect, to the extent permitted or required by law, to have the Company deduct federal, state and local taxes of

any kind required by law to be withheld upon the Tax Event from any payment of any kind due the Optionee. The withholding obligation may be satisfied by the withholding or delivery of Common Stock.

16. AMENDMENT AND TERMINATION OF THE PLAN.

The Board at any time and from time to time may suspend, terminate, modify or amend the Plan; PROVIDED, HOWEVER, that, unless otherwise determined by the Board, an amendment that requires stockholder approval in order for the Plan to continue to comply with Rule 16b-3, Section 162(m) of the Code or any other law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders. Except as provided in Section 10(a) hereof, no suspension, termination, modification or amendment of the Plan may adversely affect any award previously granted, unless the written consent of the Optionee is obtained.

17. RIGHTS AS A SHAREHOLDER.

An Optionee or a transferee of an award shall have no rights as a shareholder with respect to any shares covered by the award until the date of the issuance of a stock certificate to him for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 10(a) hereof.

18. NO RIGHTS TO EMPLOYMENT OR SERVICE AS A DIRECTOR.

Nothing in the Plan or in any award granted or Agreement entered into pursuant hereto shall confer upon any Optionee the right to continue in the employ of the Company or any Subsidiary or as a member of the Board or to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement or to interfere with or limit in any way the right of the Company or any such Subsidiary to terminate such Optionee's employment or service. Awards granted under the Plan shall not be affected by any change in duties or position of an employee Optionee as long as such Optionee continues to be employed by the Company or any Subsidiary.

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19. BENEFICIARY.

An Optionee may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Optionee, the executor or administrator of the Optionee's estate shall be deemed to be the Optionee's beneficiary.

20. GOVERNING LAW.

The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware.

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Exhibit 10.2

OPTION AGREEMENT

Option Agreement effective as of January 29, 1997 between PC411, Inc., a Delaware corporation (the "Company"), and Direct Assist Holding Inc., a Delaware corporation (the "Optionee").

WITNESSETH:

WHEREAS, the Company and the Optionee are parties to a Preferred Stock Purchase Agreement dated as of May 10, 1995, pursuant to which the Optionee purchased from the Company and the Company sold and issued to the Optionee 1,820 shares of Cumulative Convertible Preferred Stock, Series A, par value \$.01 per share (the "Preferred Shares"), of the Company, at a purchase price of \$550 per share;

WHEREAS, the Company and New Valley Corporation, the parent of the Optionee ("New Valley"), entered into a certain Loan and Security Agreement dated as of June 27, 1996, as amended, pursuant to which New Valley has agreed to extend credit to the Company in an aggregate principal amount not to exceed \$750,000 (the "Loan Facility"); and

WHEREAS, in consideration of the Optionee's investment in the Company through the purchase of the Preferred Shares and the Loan Facility, the Company, among other things, desires to grant to the Optionee irrevocable options (the "OPTIONS") to acquire 500,000 shares (after giving effect to the contemplated 172.7336-for-1 stock split) of the Company's common stock, par value \$.01 per share (the "Common Stock"), upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, the sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. DEFINITIONS

As used herein, the following terms have the following meanings:

- (a) "Board" shall mean the Board of Directors of the Company.
- (b) "Commission" shall mean the Securities and Exchange Commission.
- (c) "Common Stock" has the meaning set forth in the recitals.
- (d) "Company" has the meaning set forth in the preamble.
- (e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and as now or hereafter construed, interpreted and applied by regulations, rulings and cases.
- (f) "Exercise Price" has the meaning set forth in Section 2.
- (g) "Fair Market Value" per share of Common Stock as of a particular date shall mean (i) if the shares of Common Stock are then listed on a national securities exchange, the closing sales price per share of Common Stock on the national securities exchange on which the Common Stock is principally traded for the last preceding date on which there was a sale of such Common Stock on such exchange, or (ii) if the shares of Common Stock are then traded in an over-the-counter market, the closing bid price for the shares of Common Stock in such over-the-counter market for the last preceding date on which there was a sale of such Common Stock in such market, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or trade in an over-the-counter market, such value as the Board, in its sole discretion, shall determine.

(h) "IPO" means the first firm commitment underwritten public offering of securities of the Company pursuant to a registration statement filed by the Company under the Securities Act.

(i) "Loan Facility" has the meaning set forth in the recitals.

(j) "New Valley" has the meaning set forth in the recitals.

(k) "Options" has the meaning set forth in the recitals.

(l) "Optionee" has the meaning set forth in the preamble.

(m) "Securities Act" shall mean that Securities Act of 1933, as amended from time to time, and as now or hereafter construed, interpreted and applied by regulations, rulings and cases.

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(n) "Shares" shall mean the shares of Common Stock issuable upon exercise of the Options.

(o) "Termination Date" has the meaning set forth in Section 2.

2. TERMS AND CONDITIONS OF OPTIONS.

(a) NUMBER OF SHARES. The Company hereby grants the Options to the Optionee to acquire 500,000 shares of Common Stock upon payment of the Exercise Price.

(b) EXERCISE PRICE. The Exercise Price per Share shall be equal to 105% of the IPO price per share of Common Stock. The Exercise Price shall be subject to adjustment as provided in Section 3 hereof.

(c) MEDIUM AND TIME OF PAYMENT. The Exercise Price shall be paid in full, at the time of exercise, in cash or by delivery by Optionee to the Company of shares of Common Stock then owned by Optionee having a Fair Market Value equal to such Exercise Price, or in a combination of cash and Common Stock. In the event of any exercise of the Options, the certificate(s) for the Shares so purchased, registered in the name of the person entitled to receive the same, shall be delivered to the Optionee within a reasonable time, not exceeding ten business days, after the Options or any portion thereof are exercised. The person in whose name any certificate(s) for Shares are issued upon any exercise of the Options shall for all purposes be deemed to have become the holder of record of such Shares on the date on which the Options or any portion thereof were exercised and payment of the Exercise Price made, irrespective of the date of delivery of such certificate(s), except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of record of such Shares at the close of business on the next succeeding date on which the stock transfer books are open.

(d) WRITTEN NOTICE OF EXERCISE. The Options shall become exercisable upon consummation of an IPO by delivering to the Secretary of the Company, at its principal office, a written notice of exercise which shall specify the number of Shares for which the Options are being exercised and shall be accompanied by payment of the full Exercise Price of such Shares.

(e) DATE OF GRANT AND EXPIRATION. The Company hereby grants the Options to the Optionee as of January 29, 1997. The Options shall expire at the close of business on March 31, 2007 (the "Termination Date"). In no event shall the Options be exercisable after the Termination Date.

3. EFFECT OF CERTAIN CHANGES

(a) In the event of any extraordinary dividend, stock dividend, recapitalization, merger, consolidation, stock split, warrant or rights issuance, or combination or exchange of such shares, or other similar transactions, each of the number of Shares, and the

Exercise Price, as appropriate, shall be equitably adjusted to reflect such event and preserve the value of such Options; provided, however, that any fractional shares resulting from such adjustment shall be eliminated.

(b) If the Company is merged into or consolidated with any other corporation, or if it sells all or substantially all of its assets to any other corporation, then either the Company shall cause provisions to be made for the continuance of the Options after such event or for the substitution for the Options of an option covering the number and class of securities and/or cash or other property which the Optionee would have been entitled to receive in such merger or consolidation by virtue of such merger, consolidation or sale if the Optionee had been the holder of record of a number of shares of Common Stock of the Company equal to the number of Shares covered by the unexercised Options. In no event, however, shall such Options be exercisable after the Termination Date.

4. INVESTMENT REPRESENTATION AND LEGEND ON CERTIFICATES.

The Optionee agrees that until such time as a registration statement under the Securities Act becomes effective with respect to the Options and/or the Shares or an exemption from registration thereunder is available for them, the Optionee is taking the Options and will take the Shares for investment and not for resale or distribution. The Company shall have the right to place upon the face of any stock certificate or certificates evidencing Shares such legend as the Board may prescribe for the purpose of preventing disposition of such Shares in violation of the Securities Act.

5. EXPENSES.

The Company shall pay all original issue and transfer taxes with respect to the issuance and transfer of the Options and the Shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith.

6. TRANSFERABILITY OF OPTIONS.

Subject to Section 4 hereof, the Options granted hereby shall be transferable at the sole and absolute discretion of the Optionee.

7. RIGHTS AS A STOCKHOLDER.

The Optionee shall have no rights as a stockholder with respect to any Shares until the date of the issuance of a stock certificate to it for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 3 hereof.

8. REGISTRATION RIGHTS.

The Company hereby agrees that, upon the Optionee's (and/or any transferee's) written request, it will prepare and file a registration statement with respect to the Shares acquired upon the exercise of the Options. The Company further agrees: (i) to the extent permitted by law, to indemnify and hold harmless the Optionee (and/or any transferee) against liabilities in connection with the registration and offering of the Shares, including liabilities arising under the Securities Act, the Exchange Act or any comparable state securities laws; and (ii) to pay all fees and expenses incident to the registration of such Shares, except selling commissions and fees and expenses of counsel and any other professional advisors, if any, to the Optionee (and/or any transferee).

9. MISCELLANEOUS.

(a) All notices, requests, demands and other communications which are required to be or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) the day following dispatch by an overnight courier service (such as Federal Express or UPS, etc.) or (c) five (5) days after dispatch by

certified or registered first class mail, postage prepaid, return receipt requested, to the party to whom the same is so given or made:

If to the Company,
addressed to: PC411, Inc.
9800 S. La Cienega Boulevard
Inglewood, California 90301
Attn: President

with a copy to: Morse, Zenick, Rose & Lander, LLP
450 Park Avenue
New York, New York 10022
Attn: Howard Morse, Esq.

If to the Optionee,
addressed to: Direct Assist Holding Inc.
100 S.E. Second Street, 32nd Floor
Miami, Florida 33131
Attn: President

(b) Unless the context otherwise requires, words in the singular include the plural, and words in the plural include the singular.

(c) This Agreement may not be amended or modified or otherwise altered except pursuant to an instrument, in writing, signed by each of the parties.

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(d) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this Agreement, and this Agreement shall be carried out as if any such illegal, invalid or unenforceable provision were not contained herein.

10. GOVERNING LAW.

The Agreement and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of laws.

PC411, INC.

By: /s/ Dean R. Eaker

Name: Dean R. Eaker
Title: Chief Executive Officer

DIRECT ASSIST HOLDING INC.

By: /s/ Robert M. Lundgren

Name: Robert M. Lundgren
Title: Vice President

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