As filed with the Securities and Exchange Commission on November 16, 1998

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DYNAMICWEB ENTERPRISES, INC.
(Name of Small Business Issuer in Its Charter)

New Jersey	7372	22-2267658
(State or other Jurisdiction of Incorporation or Organization	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

DynamicWeb Enterprises, Inc.
271 Route 46 West
Building F, Suite 209
Fairfield, New Jersey 07004
(973) 244-1000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Steven L. Vanechanos, Jr.
Chief Executive Officer
DynamicWeb Enterprises, Inc.
271 Route 46 West
Building F, Suite 209
Fairfield, New Jersey 07004
(973) 244-1000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Stephen F. Ritner, Esquire
Scott H. Spencer, Esquire
Stevens & Lee
One Glenhardie Corporate Center
1275 Drummers Lane
P.O. Box 236
Wayne, Pennsylvania 19087
(610) 964-1480

Irwin A. Kishner, Esquire
Herrick, Feinstein, LLP
2 Park Avenue
New York, New York 10016
(212) 592-1435

Approximate date of commencement of proposed sale to the public: From time to time, at the discretion of the selling shareholders, after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [__]

If this Form is a post-effective registration statement filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [__]

If delivery of the prospectus is expected to be made pursuant to Rule 434 please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock	794,872	$2.43	$1,931,539	$569.80

issuable upon conversion of convertible preferred stock(2)				
Common Stock issuable upon exercise of warrants(3)	155,000	$6.00	$930,000	$274.35
Common Stock issuable upon exercise of options of Perry & Co.(4)	90,000	$2.43	$227,700	$67.17

(1) Estimated pursuant to Rule 457(a) solely for purposes of calculating the Registration Fee.
(2) Calculated pursuant to Rule 457(g)(3) in accordance with paragraph (c), using the average of the bid and asked prices on November 10, 1998, solely for the purposes of calculating the Registration Fee.
(3) Calculated pursuant to Rule 457(g)(1) using a fixed exercise price of $6.00 per share for the Common Stock, solely for the purposes of calculating the Registration Fee.
(4) Calculated pursuant to Rule 457(c), using the average of the bid and asked prices for the Common Stock on November 10, 1998, solely for the purposes of calculating the Registration Fee.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Cross Reference Table

Location in Prospectus of Information Required by Part I of Form S-2

Item No.	Caption	Location in Prospectus
1	Front of the Registration Statement and Outside Front Cover Page of Prospectus	Outside Front Cover Page
2	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front Cover Page and Outside Back Cover Pages, Additional Information
3	Summary Information and Risk Factors	Prospectus Summary, Risk Factors
4	Use of Proceeds	Not Applicable
5	Determination of Offering Price	Offering Price
6	Dilution	Not Applicable
7	Selling Security Holders	Selling Security Holders
8	Plan of Distribution	Plan of Distribution
9	Description of Securities	Description of Securities
10	Interests of Named Experts and Counsel	Legal Matters, Experts
11	Information with Respect to Registrant	Incorporation of Certain Information by Reference
12	Incorporation of Certain Information by Reference	Incorporation of Certain Information by Reference
13	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Disclosure of Commission Position on Indemnification for Securities Act Liabilities

PROSPECTUS

1,039,872 SHARES
DYNAMICWEB ENTERPRISES, INC.
COMMON STOCK

This prospectus ("Prospectus") relates to an aggregate of 1,039,872 shares (the "Shares") of common stock, $.0001 par value (the "Common Stock") of DynamicWeb Enterprises, Inc (the "Company") which are being sold by certain selling security holders (the"Selling Security Holders") described below. This offering (the "Offering") consists of two components:

(i) A total of 949,872 of the Shares may be sold from time to time by the Shaar Fund, Ltd.(the "Shaar Fund"). The Shaar Fund has acquired or may acquire those Shares upon conversion of 1,550 Shares of Series A Convertible Preferred Stock and the exercise of 155,000 Warrants owned by the Shaar Fund. The Shaar Fund purchased the Shares of Series A Convertible Preferred Stock (the "Preferred Stock") and the Warrants (the "Shaar Warrants") in a Regulation D private placement. That transaction was exempt from the registration provisions of the Securities Act of 1933, as amended (the "1933 Act").

(ii) An additional 90,000 Shares may be sold from time to time by Perry & Co. ("Perry"). Perry has acquired or will acquire those Shares upon exercise of 90,000 stock options (the "Perry Options") received as consideration for investor relations services it has agreed to provide to the Company under the terms of an agreement dated April 2, 1998.

The Company's Common Stock is traded on the National Association of Securities Dealers, Inc. ("NASD") Over-the-Counter ("OTC") Bulletin Board under the symbol "DWEB."

The Company will receive no part of the proceeds of any sales made by the Selling Security Holders hereunder. All expenses of registration incurred in connection with this offering are being borne by the Company, but all selling and other expenses incurred by the Selling Security Holders will be borne by the Selling Security Holders. See "Selling Security Holders."

THE SECURITIES OFFERED HERE ARE SPECULATIVE AND INVOLVE A SUBSTANTIAL DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" AT PAGE 3.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____ __, 1998.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-2 (together with all amendments and exhibits thereto, the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby. This Prospectus, which is Part I of the Registration Statement, constitutes a part of the Registration Statement and does not contain all of the information set forth therein. Any statements contained herein concerning the provisions of any contract or other document are not necessarily complete and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement and the exhibits and schedules thereto. A copy of the Registration Statement, with exhibits, may be obtained from the Commission's office in Washington, DC at 450 Fifth Street, NW, Washington, DC 20549 upon payment of the fees prescribed by the rules and regulations of the Commission, or examined there without charge.

The Company is subject to the informational requirements of the Exchange Act, and, in accordance therewith, files reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed with the Commission can be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street, NW, Washington, DC 20549. Copies

of this material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at 450 Fifth Street, NW. Washington, DC 20549. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission, such as the Company. The address of such site is http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company incorporates by reference herein the following documents filed with the Commission pursuant to the Exchange Act, except those portions described in detail below.

1. The Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997;

2. The Company's Quarterly Reports on Form 10-QSB for the fiscal quarters ended December 31, 1997, March 31, 1998, and June 30, 1998.

3. The Company's Proxy Statement filed June 25, 1998.

4. All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since September 30, 1997.

This Prospectus is accompanied by a copy of the Company's latest Form 10-KSB and Form 10-QSB\A No. 1. The Company will provide upon request, without charge, to each person to whom a prospectus is delivered a copy of the additional documents listed above, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Such requests should be made to: DynamicWeb Enterprises, Inc., 271 Route 46 West, Building F, Suite 209, Fairfield, New Jersey 07004. Telephone number (973) 244-1000.

ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE HEREIN SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR PURPOSES OF THIS PROSPECTUS TO THE EXTENT THAT A STATEMENT CONTAINED HEREIN MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY SUCH STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THIS PROSPECTUS.

PROSPECTUS SUMMARY

The Company

The Company is engaged in the business of developing, marketing and supporting computer software products and services that enable businesses to engage in electronic commerce.

Electronic commerce ("EC") is the conducting of business transactions using telecommunications and computers to exchange and process commercial information and transactional documents. Electronic Data Interchange ("EDI") is a part of Electronic Commerce. EDI is the application-to-application transmission of business documents such as purchase orders and invoices using industry-standard formats. For example, manufacturers of goods can create electronic catalogues of their products and prices such that their customers will have the ability to electronically enter purchase orders and complete the purchase, payment and other documentation of a purchase transaction.

Electronic commerce has traditionally involved the use of a third-party or private value-added computer network ("VAN") to perform EDI, e-mail, and electronic funds transfers and to provide services related to electronic forms, bulletin board and electronic catalogues. A VAN is, in effect, an electronic post office which electronically receives and delivers mail, in this case commercial documents, to the intended recipient.

The Company's products and services work with all major VAN providers and also work over the Internet.

The Company's business is organized into two principal segments: transaction processing and professional services. Transaction processing consists of the Company providing its computer hardware and software to its customers for those customers to conduct their business transactions electronically. The Company charges transaction and set-up fees for that service. Professional services consists of EDI and related consulting services provided to clients regarding their EDI needs.

The Company has three principal software, service and consulting packages for the markets and customers described above:

EDIxchange(SM) - EDIxchange is a managed service provided by the Company that allows for the transfer of information between trading partners. The service includes EDI mapping and the translation and routing of business documents between third party EDI (VAN) networks, the Internet and the private computer networks maintained by the parties to the business transaction. Generally referred to as "EDI outsourcing," this service offers businesses cost-effective alternatives to investing in an in-house EDI system.

EDIxchange(SM) Buy or Sell - The Company's EDIxchange Buy or Sell program provides a seamless and cost effective way for EDI-enabled suppliers or retailers to extend their EDI network and conduct electronic commerce with their non-EDI trading partners. EDIxchange Buy or Sell bridges the Internet with traditional EDI networks such as VANs by using the Company's EDIxchange service bureau. This product allows businesses which do not have in-house EDI capability to communicate electronically with EDI-enabled business partners, using only Internet access and a standard Web browser. A Web browser, such as Netscape or Internet Explorer, allows Internet users to access various Web Sites on the Internet.

EDIxchange Connect(SM) - The Company has developed application interface modules for two third party midrange accounting software systems, RealWorld and Synchronics. Designed for businesses using those systems, EDIxchange Connect allows a business to import and export business documents electronically from those software applications. Generally, the Company sells this product through distributors of Real World and Synchronics software. The Company offers as an option to EDIxchange Connect its automated delivery product known as Shiptrac. ShipTrac which is the Company's Windows-based software application designed for manufacturers and suppliers of goods and which electronically creates a shipping manifest or list of products that are being shipped to a particular customer or distribution center.

As of June 30, 1998, the Company's EDIxchange Buy or Sell customers included Rite-Aid Pharmacy, Southern New England Telephone, Service Merchandise, Linens N' Things (EDI-enabled purchasers), and Great American Knitting Mills, makers of Goldtoe socks (an EDI-enabled seller). Customers using the Company's EDIxchange service bureau include Sound Design, a manufacturer of electronic equipment, Church & Dwight, manufacturers of Arm & Hammer baking soda, Royal Dalton, makers of fine china, and Kings Supermarket, a supermarket chain located in the Northeast United States.

The Company's executive offices are located at 271 Route 46 West, Building F, Suite 209, Fairfield, New Jersey 07004 and its telephone number is (973) 244-1000.

Recent Events

The Company acquired all of the stock of Design Crafting, Inc. ("DCI") on May 1, 1998. DCI was a corporation engaged in the consulting business, with an emphasis on EDI consulting. The acquisition of DCI is intended to enhance the Company's professional services and consulting business. The acquisition of DCI was accounted for under the purchase method of accounting.

Certain financial statements pertaining to DCI are included in this Prospectus at page F-1.

Effective September 30, 1998, the Company merged all of its subsidiaries with and into the Company. Prior to that time the subsidiaries were DynamicWeb Transaction Systems, Inc. ("DWTS"), Software Associates, Inc. ("SA"), Megascore, Inc. ("Megascore"), and DCI. The Company directly succeeded to all of the operations of each of the former subsidiaries.

RISK FACTORS

An investment in the Common Stock offered hereby involves a high degree of risk and should not be made by persons who cannot afford the loss of their entire investment. Prospective investors, prior to making an investment decision, should consider carefully, in addition to the other information contained in this Prospectus (including the financial statements and notes thereto), the following factors. This Prospectus contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially. Factors that could cause

or contribute to such differences include, but are not limited to, those discussed below, as well as those discussed elsewhere in this Prospectus.

Continuous Net Losses; Auditors' Report Going Concern Considerations. The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company has conducted its present business only since March of 1996. The Company completed public offering of common stock on February 6, 1998, in which it raised net proceeds of approximately $3.2 million. The Company has incurred continuous and substantial net losses, and the proceeds of that public offering were fully utilized by August 1998. No assurance can be made that the Company will become profitable in the near future, if at all. The Company's prospects are subject to all of the risks encountered by a company in an early stage of development, particularly in light of the uncertainties relating to the new and evolving markets in which the Company intends to operate. To address these risks, the Company must, among other things: further develop or acquire rights to supporting software from third parties; successfully implement its marketing strategy; respond to competitive developments; attract, retain and motivate qualified personnel; and develop, upgrade, and protect its technology. No assurance can be given that the Company will succeed in addressing any or all of these issues; and the failure to do so would have a material adverse effect on the Company's business, prospects, financial condition and operating results. The auditors' opinion on the Company's financial statements as of September 30, 1997, calls attention to substantial doubts as to the ability of the Company to continue as a going concern as of the date of those financial statements. As of June 30, 1998, the Company had an accumulated deficit of $5,595,349.

Need for Substantial Additional Capital. Management estimates that the Company will need to raise substantial additional capital in order to complete its business plan. The Shaar Fund, Ltd. has agreed to invest an additional $675,000 provided that the Company meets certain criteria as of the date of this Prospectus. The Company currently does not meet two of the criteria in that the bid price of the Common Stock has fallen below $4.00 per share and the average daily trading volume of the Common Stock is below 20,000 shares per day (See "Risk Factors -- Uncertain Public Market for the Company's Common Stock"). There is no assurance that the Shaar Fund will complete its investment in the Company. In the event the Company is unable to obtain additional funding in a timely manner, it will be unable to complete its present business plan, it may need to significantly scale down its operations or it may be required to cease its business operations. There can be no assurance that the Company will be able to obtain the additional capital required in a timely manner or that it will be able to complete its business plan. If any additional capital is raised in equity offerings, the interests of investors who purchase the Common Stock in this Offering may be diluted.

Anticipated Operating Losses. The Company anticipates realizing only limited revenue for the foreseeable future. The Company's ability to generate meaningful revenue thereafter is subject to substantial uncertainty. The Company anticipates that its operating expenses will increase substantially in the foreseeable future. It has hired a substantial number of additional employees and has and will make other significant expenditures to further develop its technology, increase its marketing activities, create and expand the distribution channels for its products and services, and broaden its customer support capabilities. Accordingly, the Company expects to incur losses for the foreseeable future. No assurance can be given that the Company's products and services will be developed, marketed, expanded, or rendered successfully or on a timely basis, if at all, or that the Company will be successful in obtaining market acceptance of its products and services. No assurance can be given that the Company will ever be able to achieve or sustain operating profitability.

Early Stage of Market Development; Unproven Acceptance of the Company's Products and Services. The Company's products and services are designed to facilitate electronic commerce. A major focus of the Company's products and services is the Internet, which is a worldwide communications system that allows computer users to transmit and receive messages and information over telephone and other communications lines using terminals or computers. See "Dependence on the Internet and on Internet Infrastructure Development" below. The market for the Company's products and services is at an early stage of development, is evolving rapidly, and is characterized by an increasing number of market entrants who have introduced or are developing competing products and services. As is typical for a new and rapidly

evolving industry, demand and market acceptance for recently <PAGE 4> introduced products and services are subject to a high level of uncertainty. Market acceptance will depend, in large part, upon the ability of the Company to demonstrate the advantages and cost effectiveness of its products and services over existing products and services. There can be no assurance that the Company will be able to market its products and services successfully or that its current or future products and services will be accepted in the marketplace. As a result of the Company's recent introduction of its products and services into the market and their limited use to date, there can be no assurance that the Company's products and services will achieve market acceptance or will produce substantial revenues.

Dependence on the Internet and on Internet Infrastructure Development. The use of the Company's products and services is dependent upon the continued development of an industry and infrastructure for providing Internet access and carrying Internet traffic. The commercial market for products and services for use with the Internet and the World Wide Web has only recently begun to develop. The Internet may not prove to be a viable commercial marketplace or communications network because of many factors, including inadequate development of the necessary capacity, problems with reliability, lack of acceptable levels of security, or lack of timely development of complementary products, such as high speed modems. The Internet suffers from many problems related to performance, reliability, congestion and delay. Customers may experience frustration waiting for transactions to be processed. Consequently, they may forego using the Company's products and services.

Further, there can be no assurance that the Internet will retain its current pricing structure, which is generally flat-rate, independent of volume, and independent of the time of day. Federal regulation of access fees to the Internet may cause an increase in costs to the businesses utilizing the Company's products and services.

The adoption of the Internet for commerce and as a means of communication, particularly by those individuals and enterprises that historically have relied upon traditional means of commerce and communication, will require a broad acceptance of new methods of conducting business and exchanging information. Enterprises that already have invested substantial resources in other methods of conducting business may be reluctant or slow to adopt a new strategy that may limit or compete with their existing business. Individuals with established patterns of purchasing goods and services and effecting payments may be reluctant to alter those patterns.

Thus far, significant commercial use of the Internet has not developed, in part, because of the lack of security and verification processes. Although the Company's products and services are compatible with existing and apparently emerging security and verification products, there can be no assurance that widespread commercial use of the Internet for electronic <PAGE 5> commerce will develop, or that even if such use does develop, that the Company's products and services will achieve market acceptance. If the Company's market fails to develop or develops more slowly than expected, or if the infrastructure for the Internet is not adequately developed, or if the Company's products and services do not achieve market acceptance by a significant number of individuals and businesses, the Company's business, financial condition, prospects and operating results will be materially and adversely affected.

Ability to Respond to Rapid Change. The Company's future success will depend significantly on its ability to enhance its current products and services and develop or acquire and market new products and services which keep pace with technological developments and evolving industry standards as well as respond to changes in customer needs. The market for EDI products and Internet software products is characterized by rapidly changing technology, evolving industry standards and customer demands, and frequent new product introductions and enhancements. The Company will be required to manage effectively its strategic position in a rapidly changing environment. There can be no assurance that the Company will be successful in developing or acquiring product or service enhancements or new products or services to address changing technologies and customer requirements adequately, that it will introduce such products or services on a timely basis, if at all, or that any such product or service enhancements will be successful in the marketplace. The Company's delay or failure to develop or acquire technological improvements or to adapt its products or services to technological change would have a material adverse effect on the Company's business, financial condition, prospects, and operating results. The failure of the

Company's management team to respond effectively to and manage rapidly changing technological and business conditions as well as the growth of its own business, should it occur, could have material adverse impact on the Company's business, financial condition, prospects, and operating results. See "Reliance on Limited Number of Products."

Difficulty of Trading "Penny Stock." Because the Company's Common Stock trades on the NASD's OTC Bulletin Board Service, if, at any time, the bid price of the Company's Common Stock falls below $5.00 per share, and under certain other circumstances, the Company's Common Stock may be subject to rules that impose additional sales practice and market making requirements on broker-dealers who sell or make a market in lower-priced securities which constitute "penny stocks." The additional requirements will generally apply if sales are made to persons other than established customers (as defined in such rules) and accredited investors (generally, institutions and, for individuals, an investor with assets in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with such investor's spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchaser and must have received the purchaser's written consent to the transaction prior to the purchase. Consequently, <PAGE 6> many broker-dealers may be unwilling to sell or make a market in the Company's securities because of the added disclosure requirements, thereby making it more difficult for purchasers in this Offering to resell the Common Stock in the secondary market. As of November 10, 1998, the Company's bid price was $2.31 and the Company is subject to the penny stock rules.

Uncertain Public Market for the Company's Common Stock. The Company's Common Stock is traded on the NASD's OTC Bulletin Board Service. There is no assurance that an active trading market will develop or be sustained. As of September 17, 1998, the Company's underwriters and its principal market maker -- H.J. Meyers & Co. -- ceased operations, no longer provided support for the Company stock, and the volume of trades materially declined. The investment community could show little or no interest in the Company in the future. As a result, purchasers of the Company's securities may have difficulty in selling such securities should they desire to do so. It is substantially more difficult for investors in securities listed on the OTC Bulletin Board to dispose of such securities or to obtain accurate quotations regarding such securities, as compared to securities listed on more established trading markets, such as the NASDAQ Small Cap Market System.

Reliance on Limited Number of Products and Services. The Company expects that substantially all of its revenues will be derived from its EDIxchange product and service, its EDIxchange Buy and Sell program service, its related EDI consulting services, and (to a lesser extent) its EDIxchange Connect product. If these products and services are not successful, whether as a result of technological change, competition or any other factors, the Company's business, financial condition, prospects and operating results will be adversely affected. Although the Company is continuing to develop its existing products, it presently has no plans to develop or produce additional products and services for the foreseeable future.

Technological Change. The market for the Company's proposed services is characterized by rapidly changing technology and evolving industry standards. The Company will likely be required to design, develop, test, introduce and support new services and enhancements on a timely basis that meet changing customer needs and respond to technological developments and emerging industry standards. The Company's proposed services are now designed around certain technical standards. While the Company intends to provide compatibility with the standards promulgated by leading industry participants and groups, widespread adoption of a proprietary or closed standard could preclude the Company from effectively marketing or developing its products or services. No assurance can be given that the Company will be able to respond to technological changes or evolving industry standards in a timely manner, if at all; or that the standards upon which the Company's services are or will be based will be accepted by the industry. In addition, no assurance can be given that services <PAGE 7> or technologies developed by others will not render the Company's services noncompetitive or obsolete. In the event that services or technologies developed by others render the services of the Company impracticable, noncompetitive or obsolete, or the industry in which the Company hopes to compete develops and adopts a proprietary standard to which the Company does not have access, or the Company is not able to respond to technological developments or emerging industry standards, there could be a

material adverse effect on the Company's business, financial condition, prospects and operating results.

Risks of Defects and Development Delays. The Company has not sold a material amount of its services or products. Products and services based on sophisticated software and computing systems often encounter development delays and the underlying software most often contains undetected errors, bugs, or failures when introduced or when the volume of services provided increases. The Company may experience delays in the development of the software and computing systems underlying the Company's proposed products and services. In addition, there can be no assurance that, despite testing by the Company and potential customers, errors will not be found in the underlying software, or that the Company will not experience development delays, which could result in delays in the market acceptance of its products and services and could have a material adverse effect on the Company's business, financial condition, prospects and operating results. See "BUSINESS."

Competition. The EC and EDI markets are intensely competitive and subject to rapid technological change and evolving industry standards. The Company does and will compete with many companies that have substantially greater financial, marketing, technical and human resources than the Company. Among the principal competitors in EDI and specifically in the delivery of EDI over the Internet are, at present, Harbinger Corporation, Sterling Commerce, GEIS, Netscape, Actra (which is wholly owned by Netscape), Open Market, Premenos, Icat, Interworld Technology Ventures, Elcom International, Broadvision, Connect, IBM, Microsoft, EDS, and MCI, each of which has announced plans to design and develop software products and to provide services that facilitate electronic commerce over the Internet. Some of those competitors operate VANS. Several of these companies utilize the same encryption technology from RSA that the Company incorporates in its products. Virtually all of the Company's current and potential competitors have longer operating histories, greater name recognition, larger installed customer bases and significantly greater financial, technical and marketing resources than the Company. Such competitors may be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to potential customers. In addition, many of the Company's current or potential competitors, such as Netscape, Microsoft and AT&T, have broad distribution channels that may be used to bundle competing products directly to end-users or purchasers. If such competitors were to bundle products that compete with the Company <PAGE 8> for sale to their customers, any demand the Company is able to create for its products and services may be substantially reduced, and the ability of the Company to broaden the utilization of its products and services would be substantially diminished. No assurance can be given that the Company will be able to compete effectively with current or future competitors or that such competition will not have a material adverse effect on the Company's business, financial condition, prospects and operating results. See "BUSINESS."

New Market Entrants. In addition to existing competitors, there are many companies that may enter the market in the future with new technologies, products and services that may be competitive with services offered or to be offered by the Company. Because there are many potential entrants to the field, many of which are likely to have substantially greater resources than the Company, it is extremely difficult to assess which companies are likely to offer competitive products and services in the future, and in some cases it is difficult to discern whether an existing product or service is competitive with the Company's services. The Company expects competition to persist and intensify in the future. It should be noted that companies that historically have produced text, audio, video, graphics, art and animation ("multimedia" companies), and companies that historically have owned various forms of communication media such as cable, broadcasting, and telecommunications ("cross-media" companies) are encroaching upon and entering into each other's historic businesses. This may signal a further expansion by those integrated companies into the EDI and related fields. If the market becomes congested with competition, the Company may not be able to compete effectively in its intended marketplace.

Dependence on Third-Party Intellectual Property Rights. The Company currently licenses certain proprietary and patented technology from third parties. Most of the Company's [planned] [?] services incorporating data encryption and authentication is based on proprietary software of RSA Data Security ("RSA"). The RSA software is incorporated in certain other software licensed to the Company from Community Connexion related to the Web server utilized by the Company. The RSA software is available on a non-

exclusive basis. No assurance can be given that the encryption software presently available to the Company will continue to be available to the Company on commercially reasonable terms, or at all. Additionally, there is no assurance that if a new encryption technology develops, that it will be available to the Company on commercially acceptable terms, if at all.

The Company also licenses Cybercash software, which is credit card verification software, on a non-exclusive basis. No assurance can be given that Cybercash will continue to be available to the Company on commercially reasonable terms, if at all. The lack of availability of credit card verification software could have a material adverse effect on the Company's business, financial condition, prospects, and operating results.

No assurance can be given that the Company's third party licenses will continue to be available to the Company on commercially reasonable terms, if at all. The Company bears the risk that all third party technology supplied to the Company is actually owned by the party supplying the technology and does not infringe upon the rights of others. Any threat of infringement or misappropriation against these third parties may in turn cause substantial interference with the Company's right to utilize that technology. The loss of or inability to maintain any of those software licenses could result in delays in introduction of the Company's products and services until equivalent software, if available, is identified, licensed and integrated into the Company's planned services, which could have a material adverse effect on the Company's business, financial condition, prospects and operating results.

Because certain of the Company's products incorporate software developed and maintained by third parties, the Company is dependent upon such third parties' ability to enhance their current products, to develop new products on a timely and cost-effective basis and to respond to emerging industry standards and other technological changes. There can be no assurance that the Company would be able to replace the functionality provided by the third party software currently offered in conjunction with the Company's products in the event that such software becomes obsolete or incompatible with future versions of the Company's products or is otherwise not adequately maintained or updated. The absence of or any significant delay in the replacement of that functionality could have a material adverse effect on the Company's business, financial condition, prospects and operating results.

Reliance on PERL. The Company's proprietary software is written in Practical Extraction and Reporting Language ("PERL"), which is the computer programming language utilized for Internet applications. Because the Internet is not controlled or supervised by any one person or group, the evolution and continued utilization of PERL cannot be controlled or predicted. Changes in or the elimination of PERL could cause the Company to have to assume responsibility for support and development of PERL, which could have a material adverse effect on the Company's business, financial condition, prospects, and operating results.

Dependence on Distribution and Marketing Relationships. The Company has few sales and marketing employees and does not have established distribution channels for its services. In order to generate substantial revenue, the Company must achieve broad distribution of its services to businesses and individuals and secure general adoption of its services and technology. A key element of the Company's current business and its future business strategy is to maintain and develop relationships with leading companies that market software products and EDI-related services.

Dependence on Intellectual Property Rights; Risk of Infringement. The Company's success and ability to compete are <PAGE 10> dependent in part upon its proprietary technology relating to its NetCat software. The Company has applied for a patent with the United States Patent and Trademark Office covering that software. but to date no patent has been granted. There can be no assurance that the applied-for patent will be granted, or, if granted, will be effective to protect the Company's rights in its NetCat technology. The Company's patent, if issued by the United States Patent and Trademark Office, would offer no protection outside of the United States. The Company's patent, if issued, may be subsequently challenged. If the patent is challenged the counsel and other fees in defending the patent, together with loss of management's time, could be substantial. Those adverse consequences also could occur with respect to the trademarks, trade secrets, or other intellectual property rights of the Company.

In addition, the software and electronic commerce industries

are characterized by the existence of a large number of patents, and litigation based on allegations of patent infringement is common. From time to time, third parties may assert exclusive patent, copyright, trademark and other intellectual property rights to technologies that are important to the Company. Although the Company believes that it is not infringing on the rights of any third parties, there can be no assurance that third parties will not assert infringement claims against the Company, that any such assertion of infringement will not result in litigation or that the Company would prevail in such litigation or be able to license any valid and infringed patents of third parties on commercially reasonable terms.

Risks Associated with Encryption Technology. A significant barrier to Internet commerce are the problems and risks associated with exchanging financial information securely over public networks. The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect the secure exchange of financial information over the Internet, including public key cryptography technology licensed from RSA. No assurance can be given that advances in computer capabilities, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the RSA cryptography technology or other algorithms used by the Company to protect customer transaction data. If any such compromise of the Company's security were to occur, it could have a material adverse effect on the Company's business, financial condition, prospects and operating results. In addition, no assurance can be given that existing security systems of others will not be penetrated or breached, which could have a material adverse effect on the market acceptance of Internet security services, which in turn could have a material and adverse effect on the Company's business, financial condition, prospects and operating results.

Liability and Availability of Insurance. The Company is responsible for the electronic transmission of commercial <PAGE 11> transaction data for its customers, including, but not limited to, purchase orders, payments, invoices, and advance ship notices. If the Company were unable to fulfill its contractual obligations to its customers, whether due to failure of its software, to failure of the Internet, EDI or telecommunications services to function properly, to failure of its employees, contractors, agents or representatives, or for any other reason, the Company could be subject to claims for the value of the lost business to its customers. The liability could be substantial. If the Company incurs substantial liability to its customers due to its breach. it may materially and adversely affect the Company's ability to complete its plan of operation. The Company's standard agreements with its customers contain provisions which attempt to limit the liability of the Company for such matters, including the customers lost data, lost profits, or other incidental or consequential damages arising out of, or in connection with, the customer's use or inability to use the Company's software or services, or the negligence of the Company. In addition, in May, 1997 the Company purchased general liability and professional liability insurance policies that are intended to cover the foregoing liabilities. The general liability policy provides coverage of $1 million per claim and $2 million in the aggregate; and the Company has an additional $1 million umbrella liability policy. The professional liability policy provides coverage of $1 million per claim and $1 million in the aggregate. The Company intends to maintain such coverage and to evaluate increasing it from time to time, subject to availability on commercially reasonable terms.

Fluctuating Results; Cyclical Business. The Company's future revenues and operating results may fluctuate materially as a result of, among other things, the timing of the introduction of, or enhancements to, the Company's products and services, demand for the Company's products and services, the timing of introduction of products or services by the Company's competitors, market acceptance of Internet commerce, the timing and rate at which the Company increases its expenses to support projected growth, the budgeting and purchasing practices of its customers, the length of the customer product evaluation process for the Company's products, the size and timing of customer orders, competitive conditions in the industry, and other factors inherent in a new, developing business. Fluctuations in revenues and operating results may cause volatility in the Company's stock price. See "Possible Volatility of Stock Price."

Dependence Upon Key Personnel. The Company's success will depend in part upon the retention of key senior management and technical personnel, particularly Steven L. Vanechanos, Jr., co-founder of the Company and Chairman of the Board, James D.

Conners, President of the Company, and Kenneth R. Konikowski, Executive Vice President of the Company. The loss of the services of any of the Company's key personnel could have a material adverse effect on the Company's business, prospects, financial condition and operating results. The Company has a policy that all of the Company's employees must sign <PAGE 12> confidentiality agreements, and that certain of its employees also sign non-competition agreements. The Company presently maintains key man life insurance on Steven L. Vanechanos, Jr. in the amount of $3,000,000. There can be no assurance that the Company will be able or willing to continue to maintain such insurance at present coverage levels.

Ability to Attract Qualified Personnel. The Company believes that its future success also depends upon its ability to attract and retain additional highly skilled technical, professional services, management and sales and marketing personnel. The market for skilled computer programmers and other technically skilled employees is highly competitive and other companies with greater resources can provide higher salaries and greater benefits. To attract quality personnel, the Company may be required to offer Common Stock or stock options, which will dilute investors' interests. The market for these individuals has historically been, and the Company expects that it will continue to be, intensely competitive. The Company's inability to attract and retain qualified employees could have a material adverse effect on the Company's business, financial condition, prospects, and operating results.

Management of Growth. If the Company experiences a period of rapid growth, a significant strain may be placed on the Company's financial, management and other resources. The Company's future performance will depend in part on its ability to manage change in its operations and will require the Company to hire additional management and technical personnel, particularly in areas of marketing and customer support. In addition, the Company's ability to manage its growth effectively will require it to continue to improve its operational and financial control systems and infrastructure and management information systems, and to attract, train, motivate, manage and retain key employees. If the Company's management were unable to manage growth effectively, there could be a material adverse effect on the Company's business, financial condition, prospects, and operating results.

Ability to Issue Blank Check Preferred Stock; New Jersey Anti-Takeover Provisions. Under the Company's Certificate of Incorporation, the Board of Directors has the authority to issue up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the stockholders. The Company has issued 875 shares of Convertible Preferred Stock to the Shaar Fund, LTD and has reserved an additional 675 shares with certain rights, preferences and privileges set forth in a Certificate of Amendment to the Certificate of Incorporation dated August 7, 1998 and with the Secretary of State of New Jersey. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that has been issued or may be issued in the future. The issuance of shares of preferred stock, while potentially providing desirable flexibility in connection with possible <PAGE 13> acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company.

In addition, the Company is subject to the anti-takeover provisions of the New Jersey Shareholder Protection Act, which, among other things, prohibits it from engaging in a "business combination" with an "interested stockholder" for a period of five years after the date of the transaction in which the person became an interested stockholder (the "Stock Acquisition Date"), unless the business combination is approved by the Company's Board of Directors prior to the Stock Acquisition Date. The application of such Act also could have the effect of delaying or preventing a change in control of the Company.

Furthermore, certain provisions of the Certificate of Incorporation and the Company's Bylaws, including provisions that provide for the Board of Directors to be divided into three classes to serve for staggered three year terms, as well as certain contractual provisions, could limit the price that certain investors might be willing to pay in the future for shares of the Common Stock and may have the effect of delaying or preventing a change in control of the Company. These provisions may also reduce the likelihood of an acquisition of the Company at a premium price by another person or entity.

Government Regulation and Legal Uncertainties. The Company is not currently subject to direct regulation by any federal or state governmental agency, other than regulations applicable to businesses generally. The laws generally applicable to business will also be applicable to doing business over the Internet. Laws relating to advertising, buying and selling goods and services, contracts, payments, privacy, obscenity, defamation, taxation, export controls, unfair competition and deceptive trade practices, among other things, will likely apply to online activities as well, and numerous criminal statutes may apply. There are currently few laws or regulations directly applicable to access to, or commerce on, the Internet. If the Internet becomes more generally accepted, it is possible that a number of laws and regulations may be adopted with respect to the Internet. Such laws may address user privacy, pricing and characteristics and quality of products and services, among other things. The adoption of any laws or regulations governing commerce on the Internet may result in decreased growth or use of the Internet, which could have an adverse effect on the Company's business, financial condition, prospects and operating results. Moreover, the applicability to the Internet of existing laws governing issues such as property ownership, libel and personal privacy is uncertain.

Possible Volatility of Stock Price. The market price of the Company's Common Stock is likely to be highly volatile and could be subject to wide fluctuations in response to quarterly variations in operating results, announcements of technological <PAGE 14> innovations or new software or services by the Company or its competitors, changes in financial estimates by securities analysts, or other events or factors, many of which are beyond the Company's control. In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many high technology companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Company's Common Stock. In the past, following periods of volatility in the market price for a company's securities, securities class action litigation has often been instituted. Such litigation could result in substantial costs and a diversion of management attention and resources, which could have a material adverse effect on the Company's business, financial condition, prospects or operating results.

Substantial Options and Warrants Reserved. Under the Company's 1997 Employee Stock Option Plan, the Company may issue options to purchase up to an aggregate of 334,764 shares of Common Stock to employees and officers, and, as of the date of this Prospectus, options to purchase 203,392 shares have been granted under that plan. Further, under the Company's Stock Option Plan for Outside Directors, the Company may issue options to purchase up to an aggregate of 78,254 shares of Common Stock to its outside directors, including certain mandatory grants, and, as of the date of this Prospectus, options to purchase 15,648 shares have been granted under that plan. In connection with the contribution of Common Stock by certain existing shareholders of the Company, the Company has granted Warrants to purchase 125,000 shares of Common Stock at an exercise price of $6.00 per share. In connection with the Company's private placement with The Shaar Fund, the Company will grant to the Representative warrants to purchase up to 155,000 shares of Common Stock at a purchase price of $6.00 per share. Perry & Co. holds options to purchase 90,000 shares of Common Stock at $6.00 per share. The exercise of any or all of such options and warrants may further dilute the net tangible book value of the Common Stock and an investor's interest in the Company. Further, the holders of such options and warrants may exercise them at a time when the Company would otherwise be able to obtain additional equity capital on terms more favorable to the Company.

SELLING SECURITY HOLDERS

Background

There are two Selling Security Holders: First, the Shaar Fund has the right to acquire up to 794,872 shares of the Common Stock upon conversion of the Convertible Preferred Stock and up to 155,000 additional shares of Common Stock upon exercise of the Shaar Warrants. Second, Perry & Co. has an option to purchase 90,000 shares of Common Stock, which option it received as compensation for services rendered in 1998.

The Shaar Fund

The registration statement of which this Prospectus is a

part is being filed, and the Shares offered hereby by the Shaar Fund are included herein, pursuant to registration rights as provided for in the registration rights agreement and option agreements entered into between the Company and the Shaar Fund (collectively, the "Shaar Registration Rights"). Due to the ability of the Shaar Fund to determine when and whether they will sell any Shares under this Prospectus and the uncertainty as to how many of the shares of Preferred Stock and Warrants will be converted or exercised, the Company is unable to determine the exact number of shares that the Shaar Fund will actually sell pursuant to this Prospectus.

In addition, the Company cannot determine how many shares of Common Stock the Shaar Fund will acquire upon conversion of the Preferred Stock, since the actual number of shares of Common Stock to be issued upon the conversion of the Series A Convertible Preferred Stock will be determined by a formula. The tendering for conversion of each share of the Preferred Stock, in the amount of $1,000 per share, will be credited towards the purchase of the Common Stock at the following prices: (i) for Preferred Stock exchanged between 0-180 days after purchase, the lesser of $5.50 a share or 85% of Market Price (the average of the lowest 3 days (which do not have to be consecutive) closing bid prices of the Common Stock for the 20 trading days immediately preceding the conversion of the common stock (the "Market Price"),; (ii) for Preferred Stock exchanged between 180-360 days after purchase, 80% of Market Price; and (iii) for Preferred Stock exchanged 360 days or more after purchase, 78% of Market Price.

The Shaar Fund is the holder of 875 shares of the Series A Convertible Preferred Stock and has the right to purchase an additional 675 shares. The Series A Convertible Preferred Stock ranks (i) prior to any class or series of capital stock of the Company created subsequent to its issue and (ii) prior to the Common Stock; (iii) equally with any class or series or capital stock of the company created subsequent to its issue that specifically ranks on parity with the Series A Convertible Preferred Stock. The Series A Convertible Preferred Stock has a <PAGE 16> 6% per annum cumulative dividend preference. The dividend preference applies to all classes of stock excepting a class or series created of equal ranking, in which case, the dividend is paid ratably between the equally ranked series. In the event of a liquidation of the company, no distribution may be made to any holder of any shares of any capital stock of the Company prior to a distribution being made to the Series A Convertible Preferred Stock. The Series A Convertible Preferred Stock has no voting power except in corporate matters; (i) affecting the rights, preferences and privileges of the stock and; (ii) proposed liquidation, dissolution, merger, consolidation or recapitalization actions.

The Shaar Fund is the holder of Warrants to purchase 155,000 shares of the Common Stock at an exercise price of $6.00 per share. The Warrants have no dividend, voting or preemption rights. The holders of the Warrants are entitled solely to exercise their rights with respect to the purchase of the Common Stock of the Company.

Perry & Co.

The Common Stock relating to the Perry & Co. Option is included herein pursuant to the registration rights provided for in the agreement for investor relations services between the Company and Perry & Co. Due to the ability of Perry & Co. to determine when and whether it will sell any Shares under this Prospectus, the Company is not able to determine the exact number of shares that Perry & Co. will actually sell pursuant to this Prospectus.

The Perry Options entitle the holder to purchase 90,000 shares of the Common Stock at an exercise price of $5.50 per share. The Perry Options have no dividend, voting or preemption rights. The holder of the Perry Options are entitled solely to exercise their rights with respect to the purchase of the Common Stock of the Company. The Perry Options expire April 2, 2000.

General

The following table identifies each Selling Security Holder based upon information provided to the Company, set forth as of September 30, 1998, with respect to the Shares beneficially held by or acquirable by, as the case may be, each Selling Security Holders and the shares of Common Stock beneficially owned by the Selling Security Holders which are not covered by this Prospectus. No Selling Security Holders or its affiliates have held any position, office or other material relationship with the

Company. The percentage figures reflected in the table are based upon (1) conversion of all shares of Preferred Stock into shares of Common Stock at an assumed conversion price of $1.95 per share, as provided in the Shaar Registration Rights, (2) the exercise of all Shaar Warrants into shares of Common Stock, (3) the exercise of all the Perry Options into shares of Common Stock, (4) 2,246,317 shares of Common stock issued and <PAGE 17> outstanding as of September 30, 1998. All Warrants and Options are convertible at a one to one conversion rate.

<TABLE>
<CAPTION>

Name of Selling Security Holder	Common Shares owned prior to Registration	Common Shares to be offered to Selling Security Holder	Ownership Percentage of Common Stock
<S>	<C>	<C>	<C>
Shaar Fund, Ltd	0	949,872	28.9%
Perry & Co	0	90,000	2.7%

</TABLE>

PLAN OF DISTRIBUTION

The registration statement of which this Prospectus forms a part has been filed pursuant to the registration rights agreement entered into between the Registrant and the Shaar Fund dated August 7, 1998. To the Company's knowledge, as of the date hereof, neither of the Selling Security Holders has entered into any agreement, arrangement or understanding with any particular broker or market maker with respect to the Shares offered by either of them, nor does the Company know the identity of the brokers or market makers which might participate in such offering.

The Shares covered hereby may be offered and sold from time to time by the Selling Security Holders. The Selling Shareholders will act independently of the Company in making decisions with respect to the timing, manner, and size of each sale. Such sale may be made on the OTC Bulletin Board of otherwise, at prices and on terms then prevailing or at prices related to the then market price, or in negotiated transactions. The Shares may be sold by one or more of the following methods: (a) a block trade in which the broker-dealer engaged by a Selling Security Holder will attempt to sell Shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (b) purchases by the broker-dealer as principal and resale by such broker or dealer for its account pursuant to this Prospectus; and (c) ordinary brokerage transactions and transactions in which the broker solicits purchasers. To the best of the Company's knowledge, neither of the Selling Security Holders has, as of the date hereof, entered into any arrangement with a broker or dealer for the sale of shares through a block trade, special offering, or secondary distribution of a purchase by a broker-dealer. In effecting sales, broker-dealers engaged by a Selling Security Holder may arrange for other broker-dealers to participate. Broker-dealers may receive commissions or discounts from a Selling Security Holder in amounts to be negotiated.

In offering the Shares, the Selling Security Holders and any broker-dealers who execute sales for the Selling Security Holders may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales, and any profits realized by the Selling Security Holders and the compensation of <PAGE 18> such broker-dealer may be deemed to be underwriting discounts and commissions.

Rule 10b-6 under the Exchange Act prohibits participants in a distribution from bidding for or purchasing for an account in which the participant has a beneficial interest, any of the securities that are the subject of the distribution. Rule 10b-7 under the Exchange Act governs bids and purchases made to stabilize the price of a security in connection with a distribution of the security.

There can be no assurance that a Selling Security Holders will sell any or all of the shares of Common Stock registered hereby.

DESCRIPTION OF THE SECURITIES TO BE REGISTERED

General

The Company's authorized capital stock consists of 50,000,000 shares of Common Stock, $.0001 par value per share, and 5,000,000 shares of undesignated Preferred Stock. As of the date of this Prospectus, there were 2,246,317 shares of Common Stock issued and outstanding. As of September 30, 1998, the

Common Stock is held of record by approximately 392 stockholders.

Common Stock

Holders of Common Stock have the right to cast one vote, in person or by proxy, for each share owned of record on the record date (as defined in the Company's by-laws) on all matters submitted to a vote of the holders of Common Stock, including the election of directors. Holders of Common Stock do not have cumulative voting rights, which means that holders of more than 50% of the outstanding shares voting for the election of the class of directors to be elected by the Common Stock can elect all of such directors, and, in such event, the holders of the remaining shares of Common Stock will be unable to elect any of the Company's directors.

Holders of the Common Stock are entitled to share ratably in such dividends as may be declared by the Board of Directors out of funds legally available therefor, when, as and if declared by the Board of Directors and are also entitled to share ratably in all of the assets of the Company available for distribution to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the affairs of the Company. Holders of Common Stock do not have preemptive, subscription or conversion rights. All outstanding shares of Common Stock are, and those shares of Common Stock offered hereby will be, validly issued, fully paid and non-assessable.

LEGAL MATTERS

Certain legal matters relating to the Common Stock offered hereby have been passed upon for the Company by the law firm of Stevens & Lee, Wayne, Pennsylvania and Lancaster, Pennsylvania.

EXPERTS

The consolidated financial statements of DynamicWeb Enterprises, Inc. and Design Crafting, Inc. incorporated by reference or appearing in this Prospectus and Registration Statement have been audited by Richard A. Eisner & Company, LLP, independent auditors, to the extent indicated in their reports thereon (which with respect to DynamicWeb Enterprises, Inc. contains an explanatory paragraph with respect to substantial doubt as to the ability of such company to continue as a going concern) also appearing elsewhere herein and in the Registration Statement or incorporated by reference. Such financial statements have been incorporated herein by reference or included herein in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the company pursuant to the provisions set forth in the company's articles of incorporation, the company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the act and is therefore unenforceable.

DESIGN CRAFTING, INC.

FINANCIAL STATEMENTS

September 30, 1997

Contents

INDEPENDENT AUDITORS' REPORT

Board of Directors
Design Crafting, Inc.

We have audited the accompanying balance sheet of Design Crafting, Inc. as of September 30, 1997, and the related statements of income, changes in stockholder's equity and cash flows for each of the years in the two year period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of Design Crafting, Inc. as of September 30, 1997, and the results of its operations and its cash flows for each of the years in the two-year period then ended, in conformity with generally accepted accounting principles.

/s/ Richard A. Eisner & Company, LLP

Florham Park, New Jersey
July 10, 1998

Balance Sheet
September 30, 1997

ASSETS	
Current assets:	
Cash	$ 5,015
Accounts receivable	56,812
Prepaid expenses and other current assets	468
Total current assets	62,295
Equipment, net of accumulated depreciation of $6,662	4,602
	$66,897
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$30,597
Taxes payable - current	1,480
Taxes payable - deferred	6,195
Total current liabilities	38,272
STOCKHOLDER'S EQUITY	
Common stock, no par value, authorized 1,000 shares issued and outstanding 100 shares	1,000
Retained earnings	27,625
Total stockholder's equity	28,625
	$66,897

Statements of Income

	Year Ended

	September 30, 1997	1996
Revenues - services	$462,541	$311,363
Cost of services	384,244	241,427
Gross profit	78,297	69,936
Expenses:		
Selling, general and administrative	65,772	58,905
Income before taxes	12,525	11,031
Income taxes	3,250	2,870
Net income	$ 9,275	$ 8,161

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Statements of Changes in Stockholder's Equity

<TABLE>
<CAPTION>

	Common Stock Number of Shares	Amount	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>
Balance, October 1, 1995	100	$1,000	$10,189	$11,189
Net income	--	--	8,161	8,161
Balance, September 30, 1996	100	1,000	18,350	19,350
Net income	--	--	9,275	9,275
Balance, September 30, 1997	100	$1,000	$27,625	$28,625

</TABLE>

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Statements of Cash Flows

<TABLE>
<CAPTION>

	Year Ended September 30, 1997	1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 9,275	$ 8,161
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,948	648
Deferred income taxes	1,390	2,700
Changes in:		
Accounts receivable	(867)	(29,993)
Prepaid expenses and other current assets	718	687
Accounts payable and accrued expenses	(10,249)	18,691
Taxes payable	1,310	(725)
Net cash provided by operating activities	4,525	169
Cash flows from investing activities:		
Purchase of equipment	(6,902)	(1,296)
Net decrease in cash	(2,377)	(1,127)
Cash, beginning	7,392	8,519
Cash, ending	$ 5,015	$ 7,392
Supplemental disclosure of cash flow information:		
Cash paid for:		
Income taxes	$ 550	$ 895

</TABLE>

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Note A - Summary of Significant Accounting Policies and Basis of Presentation

[1] Operations:

Design Crafting, Inc. (the "Company") is a software developer and provides services primarily to customers in the distribution, retail and financial industries.

In 1997, two customers and in 1996 one customer accounted for approximately 91% and 99% of revenues, respectively. As of September 30, 1997, two customers represented 100% of accounts receivable. No allowance for bad debts is required.

[2] Revenue recognition:

Revenue is recognized as the work is performed and services are provided at the customer's locations.

[3] Use of estimates:

The financial statements were prepared on an accrual basis in conformity with generally accepted accounting principles; estimates and assumptions were utilized to quantify certain components of the financial statements in the absence of specific amounts of the respective assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

[4] Equipment:

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided using accelerated and straight-line methods over the estimated lives of the assets (2 to 3 years).

[5] Income taxes:

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standard No. 109 Accounting for Income Taxes ("SFAS 109") which requires use of the liability method of Accounting for Income Taxes. The liability method measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred income taxes arise from temporary differences resulting primarily from income and expense items being reported on an accrual basis for financial statement purposes and on a cash basis for tax purposes. As a result, the Company had deferred federal and state liabilities of $6,195 as of September 30, 1997.

Note B - Employee Benefit Plans

The Company has a qualified simplified employee pension (SEP) under Section 408(k) of the Internal Revenue Code. Employer contributions under a SEP are discretionary and are excluded from the participants taxable income to the extent of 15% of the participant's compensation subject to limits. The Company's contributions to the plan were $25,742 and $7,573 for the years ended September 30, 1997 and 1996, respectively.

Note C - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

Wages	$18,486
Payroll taxes	2,544
Employee benefit plan	7,796
Other	1,771
	$30,597

Note D - Income Taxes

	Year Ended September 30, 1997	1996
Current tax expenses:		
Federal	$1,120	$ 20
State	740	150
	1,860	170
Deferred tax expenses:		
Federal	830	1,700
State	560	1,000
	1,390	2,700
Provision for taxes	$3,250	$2,870

The differences between the statutory income tax rate of 34% and the income taxes reported on the statement of income and retained earnings are as follows:

<TABLE>
<CAPTION>

	Year Ended September 30, 1997		1996	
<S>	<C>	<C>	<C>	<C>
Statutory rate	$ 4,259	34%	$ 3,751	34%
Reduction due to graduated income tax rate	(2,380)	(19)	(2,096)	(19)
State taxes, net of federal benefit	1,105	9	978	9
Other	266	2	237	2
Provision for taxes	$ 3,250	26%	$ 2,870	26%

</TABLE>

Note E - Business Combination

On May 1, 1998, the Company completed a merger with Dynamicweb Enterprises, Inc. (Dynamicweb) by exchanging all of its issued and outstanding stock for 92,500 shares of common stock of Dynamicweb with a provision for up to an additional 10,000 shares to be calculated under a formula based on the value at closing and the realization of certain assets within 120 days of the closing.

Unaudited Pro Forma Condensed Financial Statements

On May 1, 1998, DynamicWeb Enterprises, Inc. and subsidiaries (the "Company") completed a stock-for-stock exchange transaction with Design Crafting, Inc. ("Design") which will be accounted for as a purchase in accordance with Accounting Principle Board No. 16. The following unaudited pro forma condensed consolidated statement of operations for the year ended September 30, 1997 and the unaudited pro forma consolidated balance sheet as of September 30, 1997 are adjusted to give effect to the combination with Design by the issuance by the Company of 92,500 of its common shares in exchange for 100% of the Design shares as if such transaction had occurred on October 1, 1996 for the purposes of presenting pro forma statement of operations data and as of September 30, 1997, for presenting the pro forma balance sheet data.

The unaudited condensed pro forma consolidated balance sheet and statement of operations should be read in conjunction with the notes thereto and the audited financial statements of the Company and Design and the notes thereto. The pro forma information is not necessarily indicative of what the financial position and results of operations would have been had the transactions occurred earlier, nor do they purport to represent the future financial position or results of operations of DynamicWeb Enterprises, Inc. and subsidiaries.

Unaudited Pro Forma Condensed Financial Statement Adjustments

[1] To record the preliminary allocation of the purchase of Design valued at $474,063. The pro forma information includes the issuance of 92,500 shares of the Company's common stock on May 1, 1998. It does not reflect any contingently issuable shares, up to 10,000, that may be issued in the event that the Company collects certain amounts from the realization of certain assets reported on the Design Crafting, Inc. balance sheet as of May 1, 1998.

[2] To record amortization of excess of cost over net assets of acquired business over ten years.

[3] The pro forma weighted average number of shares outstanding is as follows:

(a) Includes 654,597 shares of the Company's common stock subsequently contributed by certain of the Company's shareholders in exchange for 125,000 warrants.

(b) 92,500 shares issued in connection with the purchase transaction as if they were outstanding for the entire period presented.

DynamicWeb Enterprises, Inc. and Subsidiaries
Pro Forma Consolidated Balance Sheet Data
Unaudited

<TABLE>
<CAPTION>

	Historical			
	DynamicWeb Enterprises, Inc. and Subsidiaries as of September 30, 1997	Design Crafting, Inc. as of September 30, 1997	As Revised Pro Forma Adjustments	As Revised Pro Forma Consolidated
				(Unaudited)
<S>	<C>	<C>	<C>	<C>
ASSETS				
Current assets:				
Cash and cash equivalents	$ 188,270	$ 5,015		$ 193,285
Accounts receivable, less allowance for doubtful accounts	100,425	56,812		157,237
Prepaid and other current assets	20,738	468		21,206
Total current assets	309,433	62,295		371,728
Property and equipment	284,512	4,602		289,114
Excess of cost over net assets of acquired business			$445,438	445,438
Patents and trademarks, less accumulated amortization	21,808			21,808
Customer list, less accumulated amortization	83,333			83,333
Deferred registration costs	128,169			128,169
Other assets and fees	60,461			60,461
	$ 887,716	$ 66,897	$445,438	$1,400,051

LIABILITIES				
Current liabilities:				
Accounts payable	$ 182,340			$ 182,340
Accrued expenses	165,941	$ 30,597		196,538
Current maturities of long-term debt	7,925			7,925
Loan payable - banks	24,049			24,049
Loans from stockholders	117,163			117,163
Deferred revenue	15,065			15,065
Subordinated notes payable	840,873			840,873
Taxes payable - current		1,480		1,480
Taxes payable - deferred		6,195		6,195
Total current liabilities	1,353,356	38,272		1,391,628
Long-term debt, less current maturities	185,811			185,811
	1,539,167	38,272		1,577,439
CAPITAL DEFICIENCY				
			$ (1,000)(1)	
Common stock	214	1,000	9 (1)	223
Additional paid-in capital	3,530,324		474,054 (1)	4,004,378
Unearned portion of compensatory stock options	(204,000)			(204,000)
Accumulated deficit	(3,577,989)	27,625	(27,625)(1)	(3,577,989)
	(251,451)	28,625	445,438	222,612
Less treasury stock	(400,000)			(400,000)
Total capital deficiency	(651,451)	28,625	445,438	(177,388)
	$ 887,716	$ 66,897	$445,438	$1,400,051

</TABLE>

DynamicWeb Enterprises, Inc. and Subsidiaries
Pro Forma Consolidated Statement of Operations Data
Unaudited

<TABLE>
<CAPTION>

	Historical			
	DynamicWeb Enterprises, Inc. and Subsidiaries for the year ended September 30, 1997	Design Crafting, Inc. for the year ended September 30, 1997	As Revised Pro Forma Adjustments	As Revised Pro Forma Consolidated
				(Unaudited)
<S>	<C>	<C>	<C>	<C>
Net sales:				
System sales	$ 116,106			$ 116,106
Services	521,071	$462,541		983,612
	637,177	462,541		1,099,718
Cost of sales:				
System sales	40,323			40,323
Services	213,180	384,244		597,424
	253,503	384,244		637,747
Gross profit	383,674	78,297		461,971
Expenses:				
Selling, general and administrative	1,854,686	65,772	$ 44,543 (2)	1,965,001
Research and development	234,808			234,808
	2,089,494	65,772	44,543	2,199,809
Operating income (loss)	(1,705,820)	12,525	(44,543)	(1,737,838)
Purchased research and development	(713,710)			(713,710)
Interest expense	(770,041)			(770,041)
Interest income	5,068			5,068
Income (loss) before income taxes	(3,184,503)	12,525	(44,543)	(3,216,521)
Income tax (expense) benefit	21,700	(3,250)		18,450

Net income (loss)	$(3,162,803)	$ 9,275	$(44,543)	$(3,198,071)
Pro forma net loss per pro forma weighted average number of shares outstanding				$(2.16)
Pro forma weighted average number of shares outstanding	1,386,383 (3)(a)		92,500 (3)(b)	1,478,883

</TABLE>

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PART II

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses in connection with filing this Registration Statement:

Securities and Exchange Commission filing fee.....	$ 911.32
Printing and Engraving Expenses.....	1,000.00
Accounting Fee and Expenses.....	7,500.00
Legal Fees and Expenses.....	25,000.00
Miscellaneous.....	500.00
Reimbursement of Legal Fees and Expenses to Shaar Fund, Ltd.....	5,000.00
Total.....	$39,911.32

Item 15. Indemnification of Directors and Officers.

The Registrant's Certificate of Incorporation provides that the Registrant shall indemnify any person who is or was a director, officer, employee or agent of the Registrant to the fullest extent permitted by the New Jersey Business Corporation Act (the "NJBCA"), and to the fullest extent otherwise permitted by law. The NJBCA permits a New Jersey corporation to indemnify its directors, officers, employees and agents against liabilities and expenses they may incur in such capacities in connection with any proceeding in which they may be involved, unless a judgment or other final adjudication adverse to the director, officer, employee or agent in question establishes that his or her acts or omissions (a) were in breach of his or her duty of loyalty (as defined in the NJBCA) to the Registrant or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in the receipt by the director, officer, employee or agent of an improper personal benefit.

Pursuant to the Registrant's Certificate of Incorporation and the NJBCA, no director or officer of the Registrant shall be personally liable to the Registrant or to any of its shareholders for damages for breach of any duty owed to the Registrant or its shareholders, except for liabilities arising from any breach of duty based upon an act or omission (i) in breach of such director's or officer's duty of loyalty (as defined in the NJBCA) to the Registrant or its shareholders, (ii) not in good faith or involving a knowing violation of law or (iii) resulting in receipt by such director or officer of an improper personal benefit.

In addition, the Registrant's Bylaws include provisions to indemnify its officers and directors and other persons against expenses, judgments, fines and amounts incurred or paid in settlement in connection with civil or criminal claims, actions, suits or proceedings against such persons by reason of serving or

having served as officers, directors, or in other capacities, if <PAGE II-1> such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, in a criminal action or proceeding, if he had no reasonable cause to believe that his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contenders or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or that he or she had reasonable cause to believe his or her conduct was unlawful. Indemnification as provided in the Bylaws shall be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct.

Item 16. Exhibits and Financial Statement Schedules.

EXHIBIT INDEX

Exhibit Number	Title
3.1.10	Amendment to the Certificate of Incorporation of DynamicWeb Enterprises, Inc. dated August 6, 1998, as filed with the State of New Jersey on August 7, 1998*
5.1	Form of Opinion of Stevens & Lee: Legality*
10.1	Release and Severance Agreement dated February 12, 1993 between Seahawk Capital Corporation and Robert S. Friedenberg (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992).
10.2	Agreement dated February 24, 1995 between the Registrant and Jonathan B. Lassers as to the purchase of common stock (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated as of May 8, 1995).
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<PAGE II-2>

10.5	Stock Exchange Agreement dated as of December 31, 1994 among the Registrant, John C. Fitton and Seahawk Overseas Exploration Corporation (incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K dated as of May 8, 1995).
10.6	Stock Purchase Agreement dated March 5, 1996 among the Registrant, DynamicWeb Transaction Systems, Inc. ("DWTS") and the shareholders of DWTS (incorporated by reference to Exhibit 10.14 to Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1995).
10.7	Amendment to Stock Purchase Agreement dated May 14, 1996 between the Registrant and DWTS (incorporated by reference to Exhibit 10.14(A) to Registrant's annual Report on Form 10-KSB for the year ended December 31, 1995).
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10.10	Stock Purchase Agreement dated November 30, 1996 among the Registrant, Software Associates, Inc. and

Kenneth R. Konikowski (incorporated by reference to Exhibit 2 to the Registrant's Current Report on Form -K dated November 30, 1996).

10.11 Amendment to Stock Purchase Agreement dated April 7, 1997 between the Registrant and Kenneth R. Konikowski (incorporated by reference to Exhibit 10.11 filed with Registrant's Report on Form 10-KSB for the year ended September 30, 1996).

10.12 Lock-Up Agreement dated November 30, 1996 among the Registrant, Steve L. Vanechanos, Jr. and Kenneth R. Konikowski (incorporated by reference to Exhibit 10.12 filed with Registrant's Report on Form 10-KSB for the year ended September 30, 1996).

10.13 Employment Agreement dated December 1, 1996 between the Registrant and Kenneth R. Konikowski (incorporated by reference to Exhibit 10.13 filed with Registrant's Report on Form 10.KSB for the year ended September 30, 1996).

<PAGE II-3>

10.14 Employment Agreement dated May 1, 1998 between the Registrant and Douglas Eadie *

10.15 DynamicWeb Enterprises, Inc. 1997 Employee Stock Option Plan (incorporated by reference to Annex B to the Registrant's Information Statement filed May 15, 1997, pursuant to Section 14(c) of the Securities Exchange Act of 1934).

10.16 DynamicWeb Enterprises, Inc. 1997 Stock Option Plan for Outside Directors (incorporated by reference to Annex C to the Registrant's Information Statement filed May 15, 1997, pursuant to Section 14(c) of the Securities Exchange Act of 1934).

10.17 Lease Agreement dated November 1, 1996 between Beauty and Barber Institute, Inc. and DynamicWeb Transaction Systems, Inc. (incorporated by reference to Exhibit 10.16 filed with Registrant's Report on Form 10-KSB for the year ended September 30, 1996).

10.18 Lease Agreement dated November 1, 1994 between Software Associates, Inc. and The Mask Group (incorporated by reference to Exhibit 10.17 filed with Registrant's Report on Form 10-KSB for the year ended September 30, 1996).

10.19 Amendment No. 1 to Lease Agreement between Software Associates, Inc. and The Mask Group (incorporated be reference to Exhibit 3 to the Registrant's Form 8-K dated September 9, 1997).

10.20 Employment Agreement dated August 26, 1997 between the Registrant and James D. Conners (incorporated by reference to Exhibit 1 to Registrant's Form 8-K dated September 9, 1997).

10.21 Form of financial Consulting Agreement between the Registrant and H.J. Meyers & Co., Inc. (incorporated by reference to Exhibit 10.20 to Registrant's SB-2 filed September 15, 1997).

10.22 Form of Mergers and Acquisition Agreement between the Registrant and H.J. Meyers & Co., Inc. (incorporated by reference to Exhibit 10.21 to Registrant's SB-2 filed September 15, 1997).

10.23 Letter of amendment dated November 20, 1997 amending Stock Purchase Agreement dated April 7, 1997 between the Registrant and Kenneth R. Konikowski (incorporated by reference to Exhibit 10.22 to Registrant's SB-2 filed September 15, 1997).

10.24 Letter of Amendment dated December 15, 1997 amending Stock Purchase Agreement dated April 7, 1997 between <PAGE II-4> the Registrant and Kenneth R. Konikowski (incorporated by reference to Exhibit 10.23 to Registrant's SB-2 filed September 15, 1997).

10.25 Form of Warrant and Warrant Agreement with certain shareholders of Registrant (incorporated by reference to Exhibit 10.24 to Registrant's SB-2 filed September 15, 1997).

10.26 Securities Purchase Agreement dated August 7, 1998

between DynamicWeb Enterprises, Inc. and Shaar Fund Ltd.*

10.27 Registration Rights Agreement dated August 7, 1998 between DynamicWeb Enterprises, Inc. and Shaar Fund Ltd.*

10.28 Service Agreement and Option Grant with Perry & Co. dated April 2, 1998.*

16.1 Letter on change in certifying account (R. Andrew Gately & Co.) (incorporated by reference to Exhibit 16.1 to Registrant's Current Report on Form 8-K dated February 19, 1997.

16.2 Letter on change in certifying accountant (Allen G. Roth, P.A.) (incorporated by reference to Exhibit 16.2 to the Registrant's Current Report on Form 8-K dated February 19, 1997, as amended by amendment dated March 12, 1997).

23.1 Consent of Stevens & Lee (included in Exhibit 5.1)

23.2 Consent of Richard A. Eisner & Company, LLP*

* Filed herewith

Item 17. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the Offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 ("Securities Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnifications against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such labilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned in the City of

Fairfield, State of New Jersey on November 11, 1998.

DYNAMICWEB ENTERPRISES, INC.

By:/s/ STEVEN L. VANECHANOS, JR.
Steven L. Vanechanos, Jr.
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven L. Vanechanos, Jr., James D. Conners, Steve Vanechanos, Sr., and Steven F. Ritner, Esquire, and each of them, his true and lawful attorney-in-fact, as agent with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacity, to sign any or all amendments to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting to each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as each of them might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act of 1933, as amended, this Registration Statement was signed below by the following persons and in the capacities and on the dates stated.

/s/STEVEN L. VANECHANOS, JR. Steven L. Vanechanos, Jr.	Chief Executive Officer and Director	Nov. 11, 1998
/s/ STEVE VANECHANOS, SR. Steve Vanechanos, Sr.	Treasurer, Chief Financial Officer, and Chief Accounting Officer, Director	Nov. 11, 1998
/s/ F. PATRICK AHEARN F. Patrick Ahearn	Director	Nov. 11, 1998
/s/ DENIS CLARK Denis Clark	Director	Nov. 11, 1998
/s/ FRANK T. DiPALMA Frank T. DiPalma	Director	Nov. 11, 1998

/s/ ROBERT DROSTE Robert Droste	Director	Nov. 11, 1998
/s/ KENNETH R. KONIKOWSKI Kenneth R. Konikowski	Director	Nov. 11, 1998

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* Filed herewith <PAGE II-12>

Exhibit 10.14

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT made as of this 1st day of May, 1998, by and between DYNAMICWEB ENTERPRISES, INC. (the "Company"), a New Jersey corporation having its principal office at 271 Route 46 West, Building F, Suite 209, Fairfield, New Jersey 07004 and DOUGLAS EADIE (the "Executive"), an individual residing at 44 Rolling Hill Drive, Morristown, NJ 07960.

BACKGROUND

The Company is engaged in the business of developing, marketing, supporting Year 2000-compliant software products and services that enable businesses to engage in electronic commerce utilizing the Internet and traditional Electronic Data Interchange (EDI) technologies and consulting services related to the foregoing ("the Business"). The Executive has experience and expertise in providing software and electronic commerce consulting to various middle market and large businesses. In connection with the foregoing, the Company has agreed to employ the Executive, and the Executive has agreed to accept employment by the Company, on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment. The Company hereby employs the Executive, and the Executive hereby accepts such employment, on the terms and conditions set forth in this Agreement.

2. Duties of Employee. The Executive is engaged as Executive Vice President of the Company and shall perform and discharge well and faithfully such duties, including providing consulting services to customers of the Company, supervision of the Company's EDI consulting operations and such other duties as may be assigned to the Executive from time to time by the Vice President of Professional Services Group, the President or the CEO. The Executive shall devote his full time, attention, and energies to the business of the Company and shall not, during the Employment Period (as defined in Section 3 of this Agreement), be employed or involved in any other business activity, whether or not such activity is pursued for gain, profit, or other pecuniary advantage. This Section 2 shall not be construed as preventing the Executive from investing the Executive's personal assets in businesses which do not compete with the Company or any affiliate of the Company, where the form or manner of such investments will not require services on the part of the Executive in the operation of the affairs of the business in which such <PAGE 1> investments are made and in which the Executive's participation is solely that of a private investor.

3. Term of Employment. The Executive's employment under this Agreement shall be for a period (the "Employment Period") commencing on and be effective as of May 1, 1998 ("Effective Date") and ending on March 31, 1999; provided, however, that this Agreement shall be automatically renewed on April 1, 1999 and on April 1 of each subsequent year (the "Annual Renewal Date") for one (1) additional year so that the Agreement shall continue for a period ending one (1) year from each Annual Renewal Date unless either party shall give written notice of nonrenewal to the other party at least thirty (30) days prior to an Annual Renewal Date in which event this Agreement shall continue in effect for a term ending on the Annual Renewal Date immediately following such notice. Notwithstanding the

foregoing, the Executive's employment may be terminated in accordance with one of the following provisions:

(a) The Executive's employment may be terminated by the Company at any time during the Employment Period for Cause (as hereinafter defined) upon giving notice of such termination at least ten (10) days prior to the date upon which such termination shall take effect. If the Executive's employment is terminated by the Company for Cause under the provisions of this Section 3(a), all rights of the Executive under this Agreement shall cease as of the effective date of such termination. As used in this Agreement, "Cause" shall mean any of the following:

(i) the Executive's conviction of or plea of guilty or nolo contendere to a felony, a crime involving fraud, embezzlement, falsehood, or moral turpitude, or the actual incarceration of the Executive for a period of thirty (30) days;

(ii) the Executive's material failure to follow the good faith instructions of the Vice President of Professional Services Group, the President or the CEO, with respect to the Company or its operations, following notice of such good faith instructions;

(iii) the Executive's willful failure to substantially perform the Executive's duties to the Company, other than a failure resulting from the Executive's incapacity because of physical or mental illness, which willful failure results in demonstrable injury to the Company;

(iv) any act of discrimination or harassment in connection with another employee of the Company or an employee or representative of a vendor, customer, or any business or entity doing business with or considering doing business with the Company; or

(v) breach by the Executive of the provisions of Section 6, Section 7 or Section 8 of this Agreement.

(b) The Executive's employment may be terminated by the Executive by retirement or voluntary termination at any time during the Employment Period. If the Executive retires or voluntarily terminates his employment prior to the end of the Employment Period, or the Executive dies, the Executive's employment shall be deemed to cease as of the date of the Executive's retirement, voluntary termination, or death, as the case may be. If the Executive's employment terminates under the provisions of this Section 3(b), all rights of the Executive under this Agreement shall cease as of the date of such retirement, voluntary termination, or death and any benefits payable to the Executive shall be determined in accordance with the Company's retirement and insurance programs then in effect.

(c) If the Executive is incapacitated by accident, sickness, or otherwise so as to render the Executive mentally or physically incapable of performing the services required of the Executive under this Agreement for an aggregate of one hundred twenty (120) days during any period of twelve (12) months, upon the expiration of either of such periods or at any time thereafter, the Executive's employment may be terminated for disability ("Disability") immediately upon giving the Executive notice to that effect. If the Executive's employment is terminated for Disability under the provisions of this Section 3(c), all rights of the Executive under this Agreement shall cease as of the last business day of the week in which such termination occurs and any benefits payable to the Executive shall be determined in accordance with the Company's insurance programs then in effect.

4. Employment Period Compensation and Other Benefits.

(a) Base Salary. For services rendered by the Executive under this Agreement, the Company shall pay the Executive a base salary during the Employment Period at the rate of One Hundred Forty Thousand Dollars ($140,000) per year, payable in the same manner as salaries of other executive officers of the Company.

(b) Benefit Plans. During the Employment Term, Executive shall be entitled to participate in such employee benefit plans or programs, including medical, dental, life, accident and disability insurance, pension, incentive compensation and other benefit plans as the Company may have in effect, from time to time, upon terms and in accordance with policies and procedures of the Company then in effect and applicable to similarly situated executive officers and other key management employees of the Company, provided, however, that the Company reserves the right to adopt, amend or discontinue any such plans at any time.

(c) Vacation. During the Employment Term, Executive shall receive three weeks (15 working days) of vacation in each calendar year, to be taken and determined in accordance with vacation policies and procedures applicable to similarly situated executive officers and other key management employees of the Company. Executive also shall be entitled to all paid holidays to which similarly situated executives and key management employees of the Company are entitled.

(d) Expense Reimbursement. The Company shall pay or reimburse Executive for all reasonable and necessary business, travel and entertainment expenses incurred by Executive, within the Company's established budget, during the Employment Term in connection with the performance of Executive's duties and responsibilities hereunder, upon submission of appropriate invoices, receipts and other documentation, all in accordance with the standard policies and procedures of the Company applicable to similarly situated executive officers and other key management employees of the Company. Notwithstanding the foregoing, prior approval of the Company shall be required for any expenditure in excess of $500.

(e) Automobile Expense. The Company shall provide the Executive with a monthly allowance of $500 per month to be used for costs and expenses related to the use and operation of a motor vehicle for the conduct of business on behalf of the Company, including without limitation, the cost of the vehicle or vehicle lease, maintenance and repair of the vehicle and insurance. Executive shall be responsible for maintaining such records as may be required by the Internal Revenue Service and other taxing authorities to provide support for the business purpose of the vehicle. Executive shall indemnify the Company for any claims by the Internal Revenue Service or other taxing authority in connection with the payment of the motor vehicle expense or the payment of taxes, if any, thereon.

5. Bonus Payments. Executive shall be entitled to bonus compensation, in addition to his Base Salary, as follows:

Bonus Period	Calculation of Bonus Compensation
4/1/98 to 12/31/98	25% of consulting revenue generated by and through the efforts of Executive and former employees of Design Crafting, Inc. received by the Company in excess of $110,000 each quarter prorated where necessary.
1/1/99 and thereafter	Commissions on all revenues received by the Company from all

electronic commerce consulting
services as agreed <PAGE 4>

6. Nonsolicitation of Customers and Employees.

(a) The Executive hereby acknowledges and recognizes the highly competitive nature of the Business of the Company and accordingly agrees that, during the Employment Period and for a period of one year following the date of termination of the Executive's employment under this Agreement ("the Termination Date"), unless otherwise agreed to in writing by the Company, the Executive shall not either directly or indirectly, in any manner or capacity, whether as principal, agent, partner, officer, director, employee, joint venturer, salesman, or corporate Shareholder or otherwise for the benefit of any Person (as defined below), (i) render services to, or solicit the rendering of services to any Person in competition with the business of the Company, which then is, or at any time during a period of one year prior to the Termination Date was a Customer (as defined below) of the Company, or (ii) engage in such conduct of any kind whatsoever with any Person, which is then or has been at any time during a period of one year prior to the Termination Date a Customer, employee, salesperson, agent or representative of the Company in any manner which interferes or might interfere with the relationship of the Company with such Person, in an effort to obtain such Person as a Customer, supplier, employee, salesperson, agent or representative of any Business in competition with the Company, or (iii) hire or participate in the hiring by any Person of any employee of the Company.

"Person" means any individual, trust, partnership, corporation, limited liability company, association, or other legal entity.

"Customer" means any Person with which the Company is currently engaged to provide consulting or other electronic commerce services ("Services"), has been engaged to provide Services within twelve (12) months prior to the date of termination of the Executive's employment under this Agreement, actively marketed, discussed a project with, negotiated with, provided a bid to or otherwise communicated with in an effort to obtain an engagement to provide Services or products sold by the Company.

(b) It is expressly understood and agreed that although the Executive and the Company consider the restrictions contained in Section 6(a) of this Agreement reasonable for the purpose of preserving for the Company its good will and other proprietary rights, if a final judicial determination is made by a court having jurisdiction that the time or territory or any other restriction contained in Section 6(a) of this Agreement is an unreasonable or otherwise unenforceable restriction against the Executive, the provisions of Section 6(a) of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such other extent as such court may judicially determine or indicate to be reasonable.
<PAGE 5>

7. Disclosure of Confidential Information. The Executive acknowledges that the Company's trade secrets, as they may exist from time to time, and confidential information concerning its software, software architecture, products, programs, technical information, procurement and sales activities and procedures, identity of customers and potential customers, business plans, business and commercial contracts and agreements, promotion and pricing techniques, employment related techniques and agreements and credit and financial data concerning customers are valuable, special and unique assets of the Company. In light of the highly competitive nature of the industry in which the Company's business is conducted, the Executive further agrees that all knowledge and information described in the preceding sentence not in the public domain and heretofore or in the future obtained by the Executive shall be considered confidential information. In recognition of this fact, Executive agrees that

he will not disclose any of such secrets, processes or information to any person or other entity for any reason or purpose whatsoever, except as necessary in the performance of his duties as an employee of the Company and then only upon a written confidentiality agreement in such form and content as requested by the Company from time to time, nor shall the Executive make use of any such secrets, processes or information (other than information in the public domain) for his own purposes or for the benefit of any person or other entity (except the Company and its subsidiaries) under any circumstances. The provisions contained in this Section 7 shall also apply to information obtained by the Executive with respect to any subsidiary of or company affiliated with the Company.

8. Business Information. Upon the termination of his employment with the Company, Executive (or, as appropriate, his personal representatives) shall deliver to the Company (without retaining copies of the same), all plans, designs, customer lists, correspondence, records, documents, accounts and papers of any description and any other property of the Company within the possession or under the control of Executive (or, as appropriate, his personal representatives) and relating to the affairs and business of the Company, whether drafted, created or compiled by Executive or received by Executive from other individuals or entities (whether employees of or affiliated with the Company).

9. Remedies. The Executive acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of Section 6, Section 7 or Section 8 of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by the Executive of any of the provisions of Section 6, Section 7 or Section 8 of this Agreement, it is agreed that, in addition to any remedy at law, the Company shall be entitled to without posting any bond, and the Executive agrees not to oppose the Company's request for, equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy which may then be available. Nothing herein contained shall be construed <PAGE 6> as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach. If a court of law having jurisdiction grants any equitable remedy to the Company seeking to enforce the provisions of this Agreement, the Executive shall reimburse the Company for all reasonable attorneys' fees and costs incurred in seeking to enforce this Agreement.

10. Notices. Any notice required or permitted under this Agreement shall be sufficient if it is in writing and shall be deemed given at the time sent certified mail, with return receipt requested, addressed as follows:

If to the Executive:

Douglas Eadie
44 Rolling Hill Drive
Morristown, NJ 07960

With a copy to:
Alan J. Rich, Esquire
Rich and Friedman
5 Sylvan Way
Parsippany, NJ 07054
If to the Company:

DynamicWeb Enterprises, Inc.
271 Route 46 West, Bldg. F
Suite 209
Fairfield, NJ 07004
Attn: James Connors, President

With a copy to:

Stephen F. Ritner, Esquire
Stevens & Lee
One Glenhardie Corporate Center
1275 Drummers Lane
P.O. Box 236
Wayne, PA 19087-0236

Changes in the addresses may be effected at any time and from time to time by notice similarly given.

11. No Waiver. Failure by either party to this Agreement at any time or times hereafter to require strict performance by the other party of any of the provisions, terms, or conditions contained in this Agreement shall not waive, affect, or diminish any right of the first party at any time or times hereafter to demand strict performance therewith, and with respect to any other provisions, terms, or conditions contained in this Agreement. Any waiver of such provision, term, or condition shall not waive or affect any other failure to perform a provision, term, or condition of this Agreement, whether prior or subsequent thereto, and whether of the same or a different <PAGE 7> type. None of the provisions, terms, or conditions of this Agreement shall be deemed to have been waived by any act or knowledge of a party hereto except by an instrument in writing signed by that party and directed to the other specifying such waiver.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall in no event affect the validity or enforceability of any other provision. With respect to the provisions of Section 6 of this Agreement, in the event any court of competent jurisdiction determines that such provisions are unreasonable or contrary to law with respect to their time or geographic restriction, or both, the parties hereto authorize such court to substitute such restrictions as it deems appropriate without invalidating such paragraph and/or this Agreement.

13. Binding Effect and Benefit. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company, and the heirs, representatives, executors, devisees, and legatees of the Executive.

14. No Assignment. This Agreement shall not be assignable by either party hereto, except by the Company to any successor to its business that is financially capable of assuming the obligations of the Company hereunder.

15. Captions. The captions of the several paragraphs and subparagraphs of this Agreement are inserted for convenience or reference only. They constitute no part of this Agreement and are not to be considered in the construction hereof.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed one and the same instrument which may be sufficiently evidenced by any one counterpart.

17. Jurisdiction and Service of Process. Any action or proceeding seeking to enforce any term or provision of this Agreement may be instituted against a party only in the courts of the State of New Jersey situated in the County of Essex, or, if a party can not acquire jurisdiction, in the United States District Court for the District of New Jersey sitting at Newark, and the parties irrevocably consent and submit to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waive any objection which they may now have or hereafter have to the laying of the venue of any such action or proceeding in such courts. Service of process, and any other notice or communication, in any such action or proceeding shall be effective against or as to a party if given by first class certified mail or registered mail, return

receipt requested, or by any other means of mail which requires a signed receipt, postage prepaid, mailed to such party at the address to which such party is to be sent notices in accordance <PAGE 8> with the Notice provisions of this Agreement set forth in Section 10, above and the parties irrevocably consent to such service of process, giving of notices and transmission of communications. This Section shall not diminish or otherwise affect the right of a party to serve process in any manner permitted by applicable law.

18. Applicable Law. The provisions of this Agreement are to be construed, administered, and enforced in accordance with the domestic, internal law of the State of New Jersey, without regard to its conflicts of laws principles.

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

DYNAMICWEB ENTERPRISES, INC.

ATTEST:

_____ By \s\ Steven L. Vanechanos, Jr.
Secretary Steve Vanechanos, Jr.
CEO

WITNESS:

\s\ Nina Pescatore \s\ Douglas Eadie (SEAL)
Douglas Eadie <PAGE 9>

EXHIBIT 10.26

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT dated as of August 7, 1998, between DYNAMICWEB ENTERPRISES, INC., a New Jersey corporation with principal executive offices located at 271 Route 46 West, Fairfield, NJ 07004 (the "Company"), and the undersigned ("Buyer").

WITNESSETH:

WHEREAS, Buyer desires to purchase from Company, and the Company desires to issue and sell to the Buyer, upon the terms and subject to the conditions of this Agreement, (i) 875 shares of the Company's Series A 6% Convertible Preferred Stock, par value $0.001 (collectively, the "Initially Issued Preferred Shares") and 87,500 Common Stock Purchase Warrants in the form attached hereto as Exhibit A (collectively, the "Initially Issued Warrants") on the Initial Funding Date (as defined herein) (the "First Tranche"); and (ii) 675 shares of the Company's Series A 6% Convertible Preferred Stock, par value $0.001 (collectively, the "Subsequently Issued Preferred Shares" and together with the Initially Issued Preferred Shares, collectively referred to as the "Preferred Shares") and 67,500 Common Stock Purchase Warrants in the form attached hereto as Exhibit B (collectively, the "Subsequently Issued Warrants" and together with the Initially Issued Warrants, collectively referred to as the "Warrants") on the Second Funding Date (as defined herein) (the "Second Tranche");

WHEREAS, upon the terms and subject to the designations, preferences and rights set forth in the Company's Certificate of Amendment to the Company's Certificate of Incorporation in the form attached hereto as Exhibit C (the "Certificate of Amendment"), the Preferred Shares are convertible into shares of the Company's common stock, par value $0.0001 (the "Common Stock");

WHEREAS, the Initially Issued Warrants, upon the terms and subject to the conditions therein, will for a period of three (3) years from the Initial Funding Date be exercisable to purchase 87,500 shares of Common Stock, and the Subsequently Issued Warrants, upon the terms and subject to the conditions therein, will for a period of three (3) years from the Second Funding Date be exercisable to purchase 67,500 shares of Common Stock;

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

I. PURCHASE AND SALE OF PREFERRED SHARES AND WARRANTS

A. Transaction. Subject to the terms and conditions contained herein, Buyer hereby agrees to purchase from the Company, and the Company has offered and hereby agrees to issue and sell to the Buyer in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Preferred Shares and the Warrants.

B. Purchase Price; Form of Payment. The purchase price for the Initially Issued Preferred Shares and the Initially Issued Warrants to be purchased in the First Tranche by Buyer hereunder shall be $875,000 (the "Initial Purchase Price"). If the Second Funding Requirements (as defined herein) have been satisfied or performed in full, as the case may be, then within fifteen (15) business days thereafter, as determined by Buyer, the Company shall sell and issue to Buyer and Buyer shall purchase from the Company on the same terms and pursuant to the

same conditions contained herein and in the Subsequently Issued Warrants, the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants (the date of the closing of such purchase, issuance and sale of the Subsequently Issued Preferred Shares and Subsequently Issued Warrants is referred to herein as the "Second Funding Date"). The purchase price for the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants to be purchased in the Second Tranche on the Second Funding Date by Buyer hereunder shall be $675,000 (the "Second Purchase Price").

For purposes of this Agreement, the term "Second Funding Requirements" means that each of the following conditions precedent have been satisfied and fulfilled:

(i) the Company has satisfied and performed each of its obligations and covenants contained herein and in the other Documents (as defined herein) that are required to be performed by the Company up to and including the Second Funding Date;

(ii) each of the conditions precedent set forth in Article IX hereof shall have been satisfied and fulfilled in all respects up to and including the Second Funding Date;

(iii) the Company shall have timely filed the registration statement (the "Registration Statement") required to be filed by the Company pursuant to Section 2 of the Registration Rights Agreement (as defined herein);

(iv) the Registration Statement shall have been timely declared effective by the Securities and Exchange Commission (the "Commission") as required pursuant to the terms and conditions of the Documents;

(v) the Registration Statement shall have remained effective for at least thirty (30) consecutive trading days from the date such Registration Statement was initially declared effective by the Commission (such thirty (30) day period being referred to herein as the "30 Day Period");

(vi) during the 30 Day Period the average closing bid price of the Company's Common Stock, par value $0.0001, as reported on the National Association of Securities Dealers, Inc. ("NASD") Over the Counter ("OTC") Bulletin Board Service ("BBS", and together with NASD and OTC, the "NASD/BBS"), shall have been at least equal to $4.00 per share (as adjusted for any stock splits or stock dividends and like events);

(vii) on the last trading day of the 30 Day Period, the closing bid price for the Company's Common Stock, par value $0.0001, shall be at least $4.00 per share (as adjusted for any stock splits or stock dividends and like events), as reported on the NASD/BBS; and

(viii) during the 30 Day Period the Company's Common Stock, par value $0.0001, shall have had an average trading volume (as adjusted for any stock splits or stock dividends and like events), as reported on the NASD/BBS for the 30 Day Period of at least 20,000 shares per trading day.

Buyer shall pay the Initial Purchase Price and the Second Purchase Price by wire transfer of immediately available funds to the escrow agent (the "Escrow Agent") identified in those certain Escrow Instructions of even date herewith, a copy of which is attached hereto as Exhibit D (the "Escrow Instructions"). Simultaneously against receipt by the Escrow Agent of the Purchase Price, the Company shall deliver one or more duly authorized, issued and executed certificates (I/N/O Buyer or, if the Company otherwise has been notified, I/N/O Buyer's nominee) evidencing the Preferred Shares and the Warrants

which the Buyer is purchasing in the First Tranche and Second Tranche, as the case may be, to the Escrow Agent or its designated depository. By executing and delivering this Agreement, Buyer and the Company each hereby agrees to observe the terms and conditions of the Escrow Instructions, all of which are incorporated herein by reference as if fully set forth herein.

C. Method of Payment. Payment into escrow of the Initial Purchase Price and the Second Purchase Price shall be made by wire transfer of immediately available funds to:

Chase Manhattan Bank
1211 Avenue of the Americas
New York, New York 10036
<PAGE 3>
For the Account of: Herrick, Feinstein LLP
Attorney Trust Account
Account-# 967-123445
ABA Reference# 021-000-021

Simultaneously with the execution of this Agreement, the Buyer shall deposit with the Escrow Agent the Initial Purchase Price and the Company shall deposit with the Escrow Agent the Initially Issued Preferred Shares and the Initially Issued Warrants representing the securities to be purchased, issued and sold in the First Tranche. On the Second Funding Date, the Buyer shall deposit with the Escrow Agent the Second Purchase Price and the Company shall deposit with the Escrow Agent the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants representing the securities to be purchased, issued and sold in the Second Tranche.

II. BUYER'S REPRESENTATIONS, WARRANTIES; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION.

Buyer represents and warrants to and covenants and agrees with the Company as follows:

A. Buyer is purchasing the Initially Issued Preferred Shares, the Subsequently Issued Preferred Shares, the Initially Issued Warrants, the Subsequently Issued Warrants, the Common Stock issuable upon exercise of the Warrants (the "Warrant Shares") and the shares of Common Stock issuable upon conversion of the Preferred Shares (the "Conversion Shares" and, collectively with the Preferred Shares, the Warrants and the Warrant Shares, the "Securities") for its own account, for investment purposes only and not with a view towards or in connection with the public sale or distribution thereof in violation of the Securities Act.

B. Buyer is (i) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act, (ii) experienced in making investments of the kind contemplated by this Agreement, (iii) capable, by reason of its business and financial experience, of evaluating the relative merits and risks of an investment in the Securities, and (iv) able to afford the loss of its investment in the Securities.

C. Buyer understands that the Securities are being offered and sold by the Company in reliance on an exemption from the registration requirements of the Securities Act and equivalent state securities and "blue sky" laws, and that the Company is relying upon the accuracy of, and Buyer's compliance with, Buyer's representations, warranties and covenants set forth in this Agreement to determine the availability of such exemption and the eligibility of Buyer to purchase the Securities;

D. Buyer has been furnished with or provided access to all materials relating to the business, financial position and results of operations of the Company, and all other materials <PAGE 4> requested by Buyer to enable it to make an informed investment decision with respect to the Securities.

E. Buyer acknowledges that it has been furnished with copies of the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997, and all other reports and documents heretofore filed by the Company with the Commission pursuant to the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act") since September 30, 1997 (collectively, the "Commission Filings").

F. Buyer acknowledges that in making its decision to purchase the Securities it has been given an opportunity to ask questions of and to receive answers from the Company's executive officers, directors and management personnel concerning the terms and conditions of the private placement of the Securities by the Company.

G. Buyer understands that the Securities have not been approved or disapproved by the Commission or any state securities commission and that the foregoing authorities have not reviewed any documents or instruments in connection with the offer and sale to it of the Securities and have not confirmed or determined the adequacy or accuracy of any such documents or instruments.

H. This Agreement has been duly and validly authorized, executed and delivered by Buyer and is a valid and binding agreement of Buyer enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally.

I. Neither Buyer nor its affiliates nor any person acting on its or their behalf has the intention of entering, or will enter into, at any time prior to the conversion of the Initially Issued Preferred Stock, Initially Issued Warrants, Subsequently Issued Preferred Stock or Subsequently Issued Warrants, any put option, short position or other similar instrument or position with respect to the Common Stock and neither Buyer nor any of its affiliates nor any person acting on its or their behalf will use at any time shares of Common Stock acquired pursuant to this Agreement to settle any put option, short position or other similar instrument or position that may have been entered into prior to the execution of this Agreement.

III. COMPANY'S REPRESENTATIONS

The Company represents and warrants to Buyer that:

A. Capitalization.

1. The authorized capital stock of the Company consists of: (i) 50,000,000 shares of Common Stock, of which 2,141,370 shares are issued and outstanding and 66,660 are held in treasury on the date hereof, and (ii) 5,000,000 shares of "blank check" preferred stock, of which no shares are issued and outstanding on the date hereof. All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable. As of the date hereof, the Company has outstanding 219,040 stock options and 125,000 warrants to purchase shares of Common Stock. The Conversion Shares and Warrant Shares have been duly and validly authorized and reserved for issuance by the Company, and when issued by the Company upon conversion of, or in lieu of accrued dividends on, the Preferred Shares, on exercise of the Warrants will be duly and validly issued, fully paid and non-assessable and will not subject the holder thereof to personal liability by reason of being such holder. There are no preemptive, subscription, "call" or other similar rights to acquire the Common Stock (including the Conversion Shares and Warrant Shares) that have been issued or granted to any person, except as disclosed on Schedule III.A.1. hereto or otherwise previously disclosed in writing to Buyer.

2. Except as disclosed on Schedule III.A.2. hereto, the Company does not own or control, directly or indirectly, any interest in any other corporation, partnership, limited liability company, unincorporated business organization, association, trust or other business entity.

B. Organization; Reporting Company Status.

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey and is duly qualified as a foreign corporation in all jurisdictions in which the failure to so qualify would have a material adverse effect on the business, properties, prospects, condition (financial or otherwise) or results of operations of the Company or on the consummation of any of the transactions contemplated by this Agreement (a "Material Adverse Effect").

2. The Company has registered the Common Stock pursuant to Regulation S of the Exchange Act and has filed with the Commission all reports and information required to be filed by it pursuant to all reporting obligations under Section 13(a) or 15(d), as applicable, of the Exchange Act for the 12-month period immediately preceding the date hereof. The Common Stock is listed and traded on the NASD/BBS and the Company has not received any notice regarding, and to its knowledge there is no <PAGE 6> threat, of the termination or discontinuance of the eligibility of the Common Stock for such listing.

C. Authorized Shares. The Company has duly and validly authorized and reserved for issuance shares of Common Stock sufficient in number for the conversion, of the Preferred Shares (assuming for purposes of this Section III.C. a Conversion Price (as defined in the Certificate of Amendment to the Certificate of Incorporation) of $2.00) and the exercise of the Warrants. The Company understands and acknowledges the potentially dilutive effect to the Common Stock of the issuance of the Preferred Shares and Warrant Shares upon conversion of the Preferred Shares and exercise of the Warrants. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of the Preferred Shares and Warrant Shares upon exercise of the Warrants in accordance with this Agreement, the Preferred Shares and the Warrants is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

D. Authority; Validity and Enforceability. The Company has the requisite corporate power and authority to file and perform its obligations under the Certificate of Amendment and to enter into the Documents (as hereinafter defined), and to perform all of its obligations hereunder and thereunder (including the issuance, sale and delivery to Buyer of the Securities). The execution, delivery and performance by the Company of the Documents, and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the filing of the Certificate of Amendment with the New Jersey Secretary of State's office, the issuance of the Preferred Shares, the Warrants and the issuance and reservation for issuance of the Conversion Shares and Warrant Shares), has been duly authorized by all necessary corporate action on the part of the Company. Each of the Documents has been duly validly executed and delivered by the Company and the Certificate of Amendment has been duly filed with the New Jersey Secretary of State's office by the Company and each instrument constitutes a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors, rights and remedies generally. The Securities have been duly and validly authorized for issuance by the Company and, when executed and delivered by the Company, will be valid and binding obligations of the Company enforceable against it in accordance with their terms, subject to applicable bankruptcy, insolvency,

fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally. For purposes of this Agreement, the term "Documents" means (i) this Agreement; (ii) the Registration Rights Agreement of even date herewith between the Company and Buyer, a copy of which is annexed hereto as Exhibit E (the "Registration Rights <PAGE 7> Agreement"); (iii) the Warrants; and (iv) the Escrow Instructions.

E. Authorization of the Securities. The authorization, issuance, sale and delivery of the Preferred Shares and Warrants has been duly authorized by all requisite corporate action on the part of the Company. As of the Initial Funding Date, the Initially Issued Preferred Shares and the Initially Issued Warrants, and the Conversion Shares and the Warrant Shares upon their issuance in accordance with the Certificate of Amendment and the Initially Issued Warrants, respectively, will be validly issued and outstanding, fully paid and nonassessable, and not subject to any preemptive rights, rights of first refusal or other similar rights. As of the Second Funding Date, the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants, and the Conversion Shares and the Warrant Shares upon their issuance in accordance with the Certificate of Amendment and the Initially Issued Warrants, respectively, will be validly issued and outstanding, fully paid and nonassessable, and not subject to any preemptive rights, rights of first refusal or other similar rights.

F. Non-contravention. The execution and delivery by the Company of the Documents, the issuance of the Securities, and the consummation by the Company of the other transactions contemplated hereby and thereby, including, without limitation, the filing of the Certificate of Amendment with the New Jersey Secretary of State's office, do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default (or an event which, with notice, lapse of time or both, would constitute a default) under (i) the articles of incorporation or by-laws of the Company or (ii) any indenture, mortgage, deed of trust or other material agreement or instrument to which the Company is a party or by which its properties or assets are bound, or any law, rule, regulation, decree, judgment or order of any court or public or governmental authority having jurisdiction over the Company or any of the Company's properties or assets, except as to (ii) above such conflict, breach or default which would not have a Material Adverse Effect.

G. Approvals. No authorization, approval or consent of any court or public or governmental authority is required to be obtained by the Company for the issuance and sale of the Preferred Shares (and the Conversion Shares and Warrant Shares) to Buyer as contemplated by this Agreement, except such authorizations, approvals and consents that have been obtained by the Company prior to the date hereof.

H. Commission Filings. None of the Commission Filings contained at the time they were filed any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. <PAGE 8>

I. Absence of Certain Changes. Since the Balance Sheet Date (as defined in Section III.M.), there has not occurred any change, event or development in the business, financial condition, prospects or results of operations of the Company, and there has not existed any condition having or reasonably likely to have, a Material Adverse Effect.

J. Full Disclosure. There is no fact known to the Company (other than general economic or industry conditions known to the public generally) that has not been fully disclosed in writing to the Buyer that (i) reasonably could be expected to

have a Material Adverse Effect or (ii) reasonably could be expected to materially and adversely affect the ability of the Company to perform its obligations pursuant to this Agreement, the Certificate of Amendment, the Registration Rights Agreement or the Escrow Instructions.

K. Absence of Litigation. There is no action, suit, claim, proceeding, inquiry or investigation pending or, to the Company's knowledge, threatened, by or before any court or public or governmental authority which, if determined adversely to the Company, would have a Material Adverse Effect.

L. Absence of Events of Default. No "Event of Default" (as defined in any agreement or instrument to which the Company is a party) and no event which, with notice, lapse of time or both, would constitute an Event of Default (as so defined), has occurred and is continuing, which could have a Material Adverse Effect.

M. Financial Statements; No Undisclosed Liabilities. The Company has delivered to Buyer true and complete copies of its audited balance sheet as at September 30, 1997, and the related audited statements of operations and cash flows for the fiscal year ended September 30, 1997, including the related notes and schedules thereto (collectively, the "Financial Statements"), and all management letters, if any, from the Company's independent auditors relating to the dates and periods covered by the Financial Statements. Each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with United States General Accepted Accounting Principles ("GAAP") (subject, in the case of the interim Financial Statements, to normal year end adjustments and the absence of footnotes) and in conformity with the practices consistently applied by the Company without modification of the accounting principles used in the preparation thereof, and fairly presents the financial position, results of operations and cash flows of the Company as at the dates and for the periods indicated. For purposes hereof, the audited balance sheet of the Company as at September __, 1997, is hereinafter referred to as the "Balance Sheet" and September 30, 1997, is hereinafter referred to as the "Balance Sheet Date". The Company has no indebtedness, obligations or liabilities of any kind (whether accrued, absolute, contingent or otherwise, and whether due or to become due) that would have been required to be reflected in, <PAGE 9> reserved against or otherwise described in the Balance Sheet or in the notes thereto in accordance with GAAP, which was not fully reflected in, reserved against or otherwise described in the Balance Sheet or the notes thereto or was not incurred in the ordinary course of business consistent with the Company's past practices since the Balance Sheet Date.

N. Compliance with Laws; Permits. The Company is in compliance with all laws, rules, regulations, codes, ordinances and statutes (collectively "Laws") applicable to it or to the conduct of its business, except for such noncompliance which would not have a Material Adverse Effect. The Company possesses all permits, approvals, authorizations, licenses, certificates and consents from all public and governmental authorities which are necessary to conduct its business, except for those the absence of which would not have a Material Adverse Effect.

O. Related Party Transactions. Except as set forth on Schedule III.O. hereto, neither the Company nor any of its officers, directors or "Affiliates" (as such term is defined in Rule 12b-2 under the Exchange Act) has borrowed any moneys from or has outstanding any indebtedness or other similar obligations to the Company. Except as set forth on Schedule III.O. hereto, neither the Company nor any of its officers, directors or Affiliates (i) owns any direct or indirect interest constituting more than a one percent equity (or similar profit participation) interest in, or controls or is a director, officer, partner, member or employee of, or consultant to or lender to or borrower from, or has the right to participate in the profits of, any

person or entity which is (x) a competitor, supplier, customer, landlord, tenant, creditor or debtor of the Company, (y) engaged in a business related to the business of the Company, or (z) a participant in any transaction to which the Company is a party (other than in the ordinary course of the Company's business) or (ii) is a party to any contract, agreement, commitment or other arrangement with the Company.

P. Insurance. The Company maintains insurance coverage with financially sound and reputable insurers and such insurance coverage is adequate, consistent with industry standards and the Company's historical claims experience, and includes coverage for such things as property and casualty, general liability, workers' compensation, personal injury and other similar types of insurance. The Company has not received notice from, and has no knowledge of any threat by, any insurer (that has issued any insurance policy to the Company) that such insurer intends to deny coverage under or cancel, discontinue or not renew any insurance policy presently in force.

Q. Securities Law Matters. Based, in part, upon the representations and warranties of Buyer set forth in Section 11 hereof, the offer and sale by the Company of the Securities is exempt from (i) the registration and prospectus delivery requirements of the Securities Act and the rules and regulations of the Commission thereunder and (ii) the registration and/or <PAGE 10> qualification provisions of all applicable state securities and "blue sky" laws. Other than pursuant to an effective registration statement under the Securities Act, the Company has not issued, offered or sold the Preferred Shares or any shares of Common Stock (including for this purpose any securities of the same or a similar class as the Preferred Shares or Common Stock, or any securities convertible into or exchangeable or exercisable for the Preferred Shares or Common Stock or any such other securities) within the one-year next preceding the date hereof, except as disclosed on Schedule III.Q. hereto or otherwise previously disclosed in writing to Buyer, and the Company shall not directly or indirectly take, and shall not pen-nit any of its directors, officers or Affiliates directly or indirectly to take, any action (including, without limitation, any offering or sale to any person or entity of the Preferred Shares or shares of Common Stock), so as to make unavailable the exemption from Securities Act registration being relied upon by the Company for the offer and sale to Buyer of the Preferred Shares (and the Conversion Shares) as contemplated by this Agreement. No form of general solicitation or advertising has bee n used or authorized by the Company or any of its officers, directors or Affiliates in connection with the offer or sale of the Preferred Shares (and the Conversion Shares) as contemplated by this Agreement or any other agreement to which the Company is a party.

R. Environmental Matters.

1. The operations of the Company are in compliance with all applicable Environmental Laws and all permits issued pursuant to Environmental Laws or otherwise;

2. the Company has obtained or applied for all permits required under all applicable Environmental Laws necessary to operate its business;

3. the Company is not the subject of any outstanding written order of or agreement with any governmental authority or person respecting (i) Environmental Laws, (ii) Remedial Action or (iii) any Release or threatened Release of Hazardous Materials;

4. the Company has not received, since September 30, 1997, any written communication alleging that it may be in violation of any Environmental Law or any permit issued pursuant to any Environmental Law, or may have any liability under any Environmental Law;

5. the Company does not have any current contingent liability in connection with any Release of any Hazardous Materials into the indoor or outdoor environment (whether on-site or off-site);

6. except as set forth on Schedule III.R.6 hereto, to the Company's knowledge, there are no investigations <PAGE 11> of the business, operations, or currently or previously owned, operated or leased property of the Company pending or threatened which could lead to the imposition of any liability pursuant to any Environmental Law;

7. there is not located at any of the properties of the Company, any (A) underground storage tanks, (B) asbestos-containing material or (C) equipment containing polychlorinated biphenyls; and,

8. the Company has provided to Buyer all environmentally related audits, studies, reports, analyses, and results of investigations that have been performed with respect to the currently or previously owned, leased or operated properties of the Company.

For purposes of this Section III.R.:

"Environmental Law" means any foreign, federal, state or local statute, regulation, ordinance, or rule of common law as now or hereafter in effect in any way relating to the protection of human health and safety or the environment including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. Section 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Section 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.), and the regulations promulgated pursuant thereto.

"Hazardous Material" means any substance, material or waste which is regulated by the United States, Canada or any of its provinces, or any state or local governmental authority including, without limitation, petroleum and its by-products, asbestos, and any material or substance which is defined as a "hazardous waste," "hazardous substance," "hazardous material," "restricted hazardous waste," "industrial waste," "solid waste," "contaminant," "pollutant," "toxic waste" or "toxic substance" under any provision of any Environmental Law;

"Release" means any release, spill, filtration, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property;

"Remedial Action" means all actions to (x) clean up, remove, treat or in any other way address any Hazardous Material; (y) prevent the Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (z) perform pre-remedial studies and investigations or post-remedial monitoring and care. <PAGE 12>

S. Labor Matters. The Company is not party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to employees of the Company. No employees of the Company are represented by any labor organization and none of such employees has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Company's knowledge, threatened to be brought or filed, with the National Labor Relations Board or

other labor relations tribunal. There is no organizing activity involving the Company pending or to the Company's knowledge, threatened by any labor organization or group of employees of the Company. There are no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances or other labor disputes pending or, to the knowledge of the Company, threatened against or involving the Company. There are no unfair labor practice charges, grievances or complaints pending or, to the knowledge of the Company, threatened by or on behalf of any employee or group of employees of the Company.

T. ERISA Matters. The Company and its ERISA Affiliates are in compliance in all material respects with all provisions of ERISA applicable to it. No Reportable Event has occurred, been waived or exists as to which the Company or any ERISA Affiliate was required to file a report with the Pension Benefits Guaranty Corporation, and the present value of all liabilities under all Plans (based on those assumptions used to fund such Plans) did not, as of the most recent annual valuation date applicable thereto, exceed the value of the assets of all such Plans in the aggregate. None of the Company or ERISA Affiliates has incurred any Withdrawal Liability that could result in a Material Adverse Effect. None of the Company or ERISA Affiliates has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or termination where such reorganization or termination has resulted or could reasonably be expected to result in increases to the contributions required to be made to such Plan or otherwise.

For purposes of this Section III.T.:

"ERISA" means the Employee Retirement Income Security Act of 1974, or any successor statute, together with the regulations thereunder, as the same may be amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that was, is or hereafter may become, a member of a group of which the Company is a member and which is treated as a single employer under Section 414 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate <PAGE 13> only pursuant to subsection (m) or (o) of Section 414 of the Internal Revenue Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Plan" means any pension plan (other than a Multiemployer Plan) subject to the provision of Title IV of ERISA or Section 412 of the Internal Revenue Code that is maintained for employees of the Company or any ERISA Affiliate.

"Reportable Event" means any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (n) or (o) of Section 414 of the Internal Revenue Code.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

U. Tax Matters.

1. The Company has filed all Tax Returns which it is required to file under applicable Laws, except for such Tax Returns in respect of which the failure to so file does not and could not have a Material Adverse Effect; all such Tax Returns are true and accurate in all material respects and have been prepared in compliance with all applicable Laws; the Company has paid all Taxes due and owing by it (whether or not such Taxes are required to be shown on a Tax Return) and have withheld and paid over to the appropriate taxing authorities all Taxes which it is required to withhold from amounts paid or owing to any employee, stockholder, creditor or other third parties; and since the Balance Sheet Date, the charges, accruals and reserves for Taxes with respect to the Company (including any provisions for deferred income taxes) reflected on the books of the Company are adequate to cover any Tax liabilities of the Company if its current tax year were treated as ending on the date hereof.

2. No claim has been made by a taxing authority in a jurisdiction where the Company does not file tax returns that such corporation is or may be subject to taxation by that jurisdiction. There are no foreign, federal, state or local tax audits or administrative or judicial proceedings pending or being conducted with respect to the Company; no information related to Tax matters has been requested by any foreign, federal, state or local taxing authority; and, except as disclosed above, no written notice indicating an intent to open an audit or other review has been received by the Company from any foreign, <PAGE 14> federal, state or local taxing authority. There are no material unresolved questions or claims concerning the Company's Tax liability. The Company (A) has not executed or entered into a closing agreement pursuant to Section 7121 of the Internal Revenue Code or any predecessor provision thereof or any similar provision of state, local or foreign law; or (B) has not agreed to or is required to make any adjustments pursuant to Section 481(a) of the Internal Revenue Code or any similar provision of state, local or foreign law by reason of a change in accounting method initiated by the Company or any of its subsidiaries or has any knowledge that the IRS has proposed any such adjustment or change in accounting method, or has any application pending with any taxing authority requesting permission for any changes in accounting methods that relate to the business or operations of the Company. The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Internal Revenue Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Internal Revenue Code.

3. The Company has not made an election under Section 341(f) of the Internal Revenue Code. The Company is not liable for the Taxes of another person that is not a subsidiary of the Company under (A) Treas. Reg. Section 1.1502-6 (or comparable provisions of state, local or foreign law), (B) as a transferee or successor, (C) by contract or indemnity or (D) otherwise. The Company is not a party to any tax sharing agreement. The Company has not made any payments, is obligated to make payments or is a party to an agreement that could obligate it to make any payments that would not be deductible under Section 280G of the Internal Revenue Code.

For purposes of this Section III.U.:

"IRS" means the United States Internal Revenue Service.

"Tax" or "Taxes" means federal, state, county, local, foreign, or other income, gross receipts, ad valorem, franchise, profits, sales or use, transfer, registration, excise, utility, environmental, communications, real or personal property, capital stock, license, payroll, wage or other withholding, employment, social security, severance, stamp, occupation, alternative or add-on minimum, estimated and other taxes of any kind whatsoever (including, without limitation, deficiencies, penalties, additions to tax, and interest

attributable thereto) whether disputed or not.

"Tax Return" means any return, information report or filing with respect to Taxes, including any schedules attached thereto and including any amendment thereof.

V. Property. The Company has good and marketable title to all real and personal property owned by it, free and clear of all liens, encumbrances and defects except such as are described on Schedule III.V. hereto or such as do not materially <PAGE 15> affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company; and any real property and buildings held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company.

W. Intellectual Property. The Company owns or possesses adequate and enforceable rights to use all patents, patent applications, trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other similar rights and proprietary knowledge (collectively, "Intangibles") necessary for the conduct of its business as now being conducted including, but not limited to, those described on Schedule III.W. hereto. The Company is not infringing upon or in conflict with any right of any other person with respect to any Intangibles. Except as disclosed on Schedule III.W. hereto, no claims have been asserted by any person to the ownership or use of any Intangibles and the Company has no knowledge of any basis for such claim.

X. Internal Controls and Procedures. The Company maintains accurate books and records and internal accounting controls which provide reasonable assurance that (i) all transactions to which the Company is a party or by which its properties are bound are executed with management's authorization; (ii) the reported accountability of the Company's assets is compared with existing assets at regular intervals; (iii) access to the Company's assets is permitted only in accordance with management's authorization; and (iv) all transactions to which the Company is a party or by which its properties are bound are recorded as necessary to permit preparation of the financial statements of the Company in accordance with U.S. generally accepted accounting principles.

Y. Payments and Contributions. Neither the Company nor any of its directors, officers or, to its knowledge, other employees has (i) used any Company funds for any unlawful contribution, endorsement, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment of Company funds to any foreign or domestic government official or employee; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other similar payment to any person with respect to Company matters.

Z. No Misrepresentation. No representation or warranty of the Company contained in this Agreement, any schedule, annex or exhibit hereto or any agreement, instrument or certificate furnished by the Company to Buyer pursuant to this Agreement, contains any untrue statement of a material fact or <PAGE 16> omits to state a material fact required to be stated therein or necessary to make the statements therein, not misleading.

IV. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

A. Restrictive Legend. Buyer acknowledges and agrees that, upon issuance pursuant to this Agreement, the Securities

(and any shares of Common Stock issued in conversion of the Preferred Shares or exercise of the Warrants) shall have endorsed thereon a legend in substantially the following form (and a stop-transfer order may be placed against transfer of the Preferred Shares and the Conversion Shares until such legend has been removed):

> "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE, AND ARE BEING OFFERED AND SOLD PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR SUCH OTHER LAWS."

B. Filings. The Company shall make all necessary Commission Filings and "blue sky" filings required to be made by the Company in connection with the sale of the Securities to the Buyer as required by all applicable Laws, and shall provide a copy thereof to the Buyer promptly after such filing.

C. Reporting Status. So long as the Buyer beneficially owns any of the Securities, the Company shall timely file all reports required to be filed by it with the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

D. Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities (excluding amounts paid by the Company for legal fees and finder's fees in connection with such sale) solely for general corporate and working capital purposes.

E. Listing. Except to the extent the Company lists its Common Stock on The New York Stock Exchange, the Company shall use its best efforts to maintain its listing of the Common Stock on NASD/BBS.

F. Reserved Conversion Shares. The Company at all times from and after the date hereof shall have a sufficient number of shares of Common Stock duly and validly authorized and reserved for issuance to satisfy the conversion, in full, of the 1,550 Preferred Shares (assuming for purposes of this <PAGE 17> Section IV.F., a Conversion Price (as defined in the Certificate of Amendment) of $4.50) and upon the exercise of the Warrants. In the event the Current Market Price (as defined in the Certificate of Amendment) declines to $2.50, the Company shall, within 10 days of the occurrence of such event, authorize and reserve for issuance such additional shares of Common Stock sufficient in number for the conversion, in full, of the Preferred Shares, assuming for purposes of this Section IV.F. a Conversion Price (as defined in the Certificate of Amendment) of $1.95 per share.

G. Right of First Refusal. If the Company should propose (the "Proposal") to issue Common Stock or securities convertible into Common Stock at a price less than the Current Market Price (as defined in the Certificate of Amendment), or debt at less than par value or having an effective annual interest rate in excess of 9.9% (each a "Right of First Refusal Security" and collectively, the "Right of First Refusal Securities"), in each case on the date of issuance during the period ending two years after the Closing Date (the "Right of First Refusal Period"), the Company shall be obligated to offer the Buyer on the terms set forth in the Proposal (the "Offer") and the Buyer shall have the right, but not the obligation, to accept such Offer on such terms. If during the Fight of First Refusal Period, the Company provides written notice to the Buyer that it proposes to issue any Right of First Refusal Securities

on the terms set forth in the Proposal, then the Buyer shall have ten (10) business days to accept or reject such offer in writing. if the Company fails to: (i) issue a Proposal during the Right of First Refusal Period, (ii) offer the Buyer the opportunity to complete the transaction as set forth in the Proposal, or (iii) enter into an agreement with the Buyer, at such terms after the Buyer has accepted the Offer, then the Company shall pay to the Buyer, as liquidated damages, an amount in total equal to ten percent (10%) of the amount paid to the Company for the Right of First Refusal Securities. The foregoing Right of First Refusal is and shall be senior in right to any other right of first refusal issued by the Company, except for the right of first refusal granted by the Company to H.J. Meyers & Co., Inc., which has an approximate remaining term of eighteen (18) months, to any other Person (as defined in the Certificate of Amendment) including, but not limited to, the holders of the Company's outstanding Series A Shares. Notwithstanding the foregoing, the Buyer shall have no rights under this Section IV.G. in respect of Common Stock or any other securities of the Company issuable (i) upon the exercise or conversion of options, warrants or other rights to purchase securities of the Company outstanding as of the date hereof or (ii) to officers, directors or employees of the Company or any of its subsidiaries.

V. TRANSFER AGENT INSTRUCTIONS.

A. The Company undertakes and agrees that no instruction other than the instructions referred to in this Section V and customary stop transfer instructions prior to the registration and sale of the Common Stock pursuant to an effective Securities Act registration statement will be given to its transfer agent for the Common Stock and that the Common Stock issuable upon conversion of the Preferred Shares and exercise of the Warrants otherwise shall be freely transferable on the books and records of the Company as and to the extent provided in this Agreement, the Registration Rights Agreement and applicable law. Nothing contained in this Section V.A. shall affect in any way Buyer's obligations and agreement to comply with all applicable securities laws upon resale of such Common Stock. If, at any time, Buyer provides the Company with an opinion of counsel reasonably satisfactory to the Company that registration of the resale by Buyer of such Common Stock is not required under the Securities Act and that the removal of restrictive legends is permitted under applicable law, the Company shall permit the transfer of such Common Stock and, promptly instruct the Company's transfer agent to issue one or more certificates for Common Stock without any restrictive legends endorsed thereon.

B. The Company shall permit Buyer to exercise its right to convert the Preferred Shares by telecopying an executed and completed Notice of Conversion to the Company. Each date on which a Notice of Conversion is telecopied to and received by the Company in accordance with the provisions hereof shall be deemed a Conversion Date. The Company shall transmit the certificates evidencing the shares of Common Stock issuable upon conversion of any Preferred Shares (together with certificates evidencing any Preferred Shares not being so converted) to Buyer via express courier, by electronic transfer or otherwise, within five business days after receipt by the Company of the Notice of Conversion (the "Delivery Date"). Within 30 days after Buyer delivers the Notice of Conversion to the Company, Buyer shall deliver to the Company the Preferred Shares being converted.

C. The Company shall permit Buyer to exercise its right to purchase shares of Common Stock pursuant to exercise of the Warrants in accordance with its applicable terms of the Warrants. The last date that the Company may deliver shares of Common Stock issuable upon any exercise of Warrants is referred to herein as the "Warrant Delivery Date."

D. The Company understands that a delay in the issuance of the shares of Common Stock issuable in lieu of cash dividends on the Preferred Shares, upon the conversion of the

Preferred Shares or exercise of the Warrants beyond the applicable Dividend Payment Due Date (as defined in the Certificate of Amendment), Delivery Date or Warrant Delivery Date could result in economic loss to Buyer. As compensation to Buyer for such loss (and not as a penalty), the Company agrees to pay to Buyer for late issuance of Common Stock issuable in lieu of <PAGE 19> cash dividends on the Preferred Shares, upon conversion of the Preferred Shares or exercise of the Warrants in accordance with the following schedule (where "No. Business Days" is defined as the number of business days beyond seven (7) days from the Dividend Payment Due Date (as that term is defined in the Certificate of Amendment), the Delivery Date on the Warrant Delivery Date, as applicable):

No. Business Days	Compensation For Each 10 Shares of Preferred Shares Not Converted Timely or 500 Shares of Common Stock Issuable In Payment of Dividends Not Issued Timely
1	$ 25
2	$ 50
3	$ 75
4	$100
5	$125
6	$150
7	$175
8	$200
9	$225
10	$250
more than 10	$250 + $100 for each Business Day Late beyond 10 days

The Company shall pay to Buyer the compensation described above by the transfer of immediately available funds upon Buyer's demand. Nothing herein shall limit Buyer's right to pursue actual damages for the Company's failure to issue and deliver Common Stock to Buyer, and in addition to any other remedies which may be available to Buyer, in the event the Company fails for any reason to effect delivery of such shares of Common Stock within five business days after the relevant Dividend Payment Due Date, the Delivery Date or the Warrant Delivery Date, as applicable, Buyer shall be entitled to rescind the relevant Notice of Conversion or exercise of Warrants by delivering a notice to such effect to the Company whereupon the Company and Buyer shall each be restored to their respective original positions immediately prior to delivery of such Notice of Conversion on delivery.

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VI. DELIVERY INSTRUCTIONS.

The Securities shall be delivered by the Company to the Escrow Agent pursuant to Section I.B. hereof on a "delivery-against-payment basis" at the closing of the First Tranche and the Second Tranche.

VII. FUNDING DATES.

The date and time of the issuance and sale of the Initially Issued Preferred Shares and the Initially Issued Warrants in the First Tranche (the "Initial Funding Date", and together with the Second Funding Date, the "Closing Dates") shall

be the date hereof or such other as shall be mutually agreed upon in writing. The issuance and sale of the Initially Issued Preferred Shares and the Initially Issued Warrants in the First Tranche and the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants in the Second Tranche shall occur on their respective Closing Dates, at the offices of the Escrow Agent. Notwithstanding anything to the contrary contained herein, the Escrow Agent shall not be authorized to release to the Company the Initial Purchase Price or the Second Purchase Price and to Buyer the certificate(s) (I/N/O Buyer) evidencing the Initially Issued Preferred Shares and the Initially Issued Warrants in the First Tranche and the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants in the Second Tranche, respectively, being purchased by Buyer unless the conditions set forth in VIII.C. and IX.G hereof have been satisfied.

VIII. CONDITIONS TO THE COMPANY'S OBLIGATIONS.

The Buyer understands that the Company's obligation to sell the Securities on the Closing Dates to Buyer pursuant to this Agreement is conditioned upon:

A. Delivery by Buyer to the Escrow Agent of the Initial Purchase Price on the Initial Funding Date and the Second Purchase Price on the Second Funding Date, respectively.

B. The accuracy in all material respects on the Closing Dates of the representations and warranties of Buyer contained in this Agreement as if made on the Closing Dates (except for representations and warranties which, by their express terms, speak as of and relate to a specified date, in which case such accuracy shall be measured as of such specified date) and the performance by Buyer in all material respects on or before the Closing Dates of all covenants and agreements of Buyer required to be performed by it pursuant to this Agreement on or before the Closing Dates;

C. There shall not be in effect any Law or order, ruling, judgment or writ of any court or public or governmental authority restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement. <PAGE 21>

IX. CONDITIONS TO BUYER'S OBLIGATIONS.

The Company understands that Buyer's obligation to purchase the Securities on the Closing Dates pursuant to this Agreement is conditioned upon:

A. Delivery by the Company to the Escrow Agent on the Initial Funding Date and on the Second Funding Date of one or more certificates (I/N/O Buyer) evidencing the Securities to be purchased by Buyer pursuant to this Agreement on the Initial Funding Date and the Second Funding Date, respectively;

B. The accuracy in all respects on the Closing Dates of the representations and warranties of the Company contained in this Agreement as if made on the Closing Dates (except for representations and warranties which, by their express terms, speak as of and relate to a specified date, in which case such accuracy shall be measured as of such specified date) and the performance by the Company in all respects on or before the Closing Dates of all covenants and agreements of the Company required to be performed by it pursuant to this Agreement on or before the Closing Dates;

C. Buyer having received an opinion of counsel for the Company, dated the Closing Dates, in form, scope and substance satisfactory to the Buyer.

D. There not having occurred (i) any general suspension of trading in, or limitation on prices listed for, the Common Stock on NASD/BBS, (ii) the declaration of a banking

moratorium or any suspension of payments in respect of banks in the United States, (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any of its territories, protectorates or possessions, or (iv) in the case of the foregoing existing at the date of this Agreement, a material acceleration or worsening thereof.

E. There not having occurred any event or development, and there being in existence no condition, having or which reasonably and foreseeably could have a Material Adverse Effect.

F. The Company shall have delivered to Buyer (as provided in the Escrow Instructions) reimbursement of Buyer's out-of-pocket costs and expenses incurred in connection with the transactions contemplated by this Agreement (including the fees and disbursements of Buyer's legal counsel up to a maximum of $30,000 plus disbursements).

G. There shall not be in effect any Law or order, ruling, judgment or writ of any court or public or governmental authority restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement.

H. Solely with respect to the closing date occurring on the Second Funding Date, the Company shall have satisfied or performed all of the Second Funding Requirements and all other conditions set forth in Section I.B. hereof.

X. TERMINATION.

A. Termination by Mutual Written Consent. This Agreement may be terminated and the transactions contemplated hereby may be abandoned, for any reason and at any time prior to the Closing Dates, by the mutual written consent of the Company and Buyer.

B. Termination by the Company or Buyer. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by action of the Company or Buyer if (i) the Initial Funding Date shall not have occurred at or prior to 5:00 p.m., New York City time, on August 14, 1998; provided, however, that the right to terminate this Agreement pursuant to this Section X.B.(i) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure of the Initial Funding Date to occur at or before such time and date or (ii) any court or public or governmental authority shall have issued an order, ruling, judgment or writ, or there shall be in effect any Law, restraining, enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by this Agreement.

C. Termination by Buyer. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by Buyer at any time prior to the Initial Funding Date or the Second Funding Date, if (i) the Company shall have failed to comply with any of its covenants or agreements contained in this Agreement, (ii) there shall have been a breach by the Company with respect to any representation or warranty made by it in this Agreement, or (iii) there shall have occurred any event or development, or there shall be in existence any condition, having or reasonably and foreseeably likely to have a Material Adverse Effect.

D. Termination by the Company. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by the Company at any time prior to the Closing Dates, if (i) Buyer shall have failed to comply with any of its covenants or agreements contained in this Agreement or (ii) there shall have been a breach by Buyer with respect to any representation or warranty made by it in this Agreement.

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XI. SURVIVAL; INDEMNIFICATION.

A. The representations, warranties and covenants made by each of the Company and Buyer in this Agreement, the annexes, schedules and exhibits hereto and in each instrument, agreement and certificate entered into and delivered by them pursuant to this Agreement, shall survive the Closing Dates and the consummation of the transactions contemplated hereby. In the event of a breach or violation of any of such representations, warranties or covenants, the party to whom such representations, warranties or covenants have been made shall have all rights and remedies for such breach or violation available to it under the provisions of this Agreement or otherwise, whether at law or in equity, irrespective of any investigation made by or on behalf of such party on or prior to the Closing Dates.

B. The Company hereby agrees to indemnify and hold harmless the Buyer, its Affiliates and their respective officers, directors, partners and members (collectively, the "Buyer Indemnitees"), from and against any and all losses, claims, damages, judgments, penalties, liabilities and deficiencies (collectively, "Losses"), and agrees to reimburse the Buyer Indemnitees for all out-of-pocket expenses (including the fees and expenses of legal counsel), in each case promptly as incurred by the Buyer Indemnitees and to the extent arising out of or in connection with:

1. any misrepresentation, omission of fact or breach of any of the Company's representations or warranties contained in this Agreement or the other Documents, or the annexes, schedules or exhibits hereto or thereto or any instrument, agreement or certificate entered into or delivered by the Company pursuant to this Agreement or the other Documents; or

2. any failure by the Company to perform any of its covenants, agreements, undertakings or obligations set forth in this Agreement or the other Documents, or the annexes, schedules or exhibits hereto or thereto or any instrument, agreement or certificate entered into or delivered by the Company pursuant to this Agreement or the other Documents.

C. Buyer hereby agrees to indemnify and hold harmless the Company, its Affiliates and their respective officers, directors, partners and members (collectively, the "Company Indemnitees"), from and against any and all Losses, and agrees to reimburse the Company Indemnitees for all out-of-pocket expenses (including the fees and expenses of legal counsel), in each case promptly as incurred by the Company Indemnitees and to the extent arising out of or in connection with:

1. any misrepresentation, omission of fact, or breach of any of Buyer's representations or warranties contained in this Agreement or the other Documents, or the <PAGE 24> annexes, schedules or exhibits hereto or thereto or any instrument, agreement or certificate entered into or delivered by Buyer pursuant to this Agreement or the other Documents; or

2. any failure by Buyer to perform in any material respect any of its covenants, agreements, undertakings or obligations set forth in this Agreement or the other Documents or any instrument, certificate or agreement entered into or delivered by Buyer pursuant to this Agreement or the other Documents.

D. Promptly after receipt by either party hereto seeking indemnification pursuant to this Section XI (an "Indemnified Party") of written notice of any investigation, claim, proceeding or other action in respect of which indemnification is being sought (each, a "Claim"), the

Indemnified Party promptly shall notify the party against whom indemnification pursuant to this Section XI is being sought (the "Indemnifying Party") of the commencement thereof, but the omission to so notify the Indemnifying Party shall not relieve it from any liability that it otherwise may have to the Indemnified Party, except to the extent that the Indemnifying Party is materially prejudiced and forfeits substantive rights and defenses by reason of such failure. In connection with any Claim as to which both the Indemnifying Party and the Indemnified Party are parties, the Indemnifying Party shall be entitled to assume the defense thereof. Notwithstanding the assumption of the defense of any Claim by the Indemnifying Party, the Indemnified Party shall have the right to employ separate legal counsel and to participate in the defense of such Claim, and the Indemnifying Party shall bear the reasonable fees, out-of-pocket costs and expenses of such separate legal counsel to the Indemnified Party if (and only if): (x) the Indemnifying Party shall have agreed to pay such fees, out-of-pocket costs and expenses, (y) the Indemnified Party and the Indemnifying Party reasonably shall have concluded that representation of the Indemnified Part), and the Indemnifying Party by the same legal counsel would not be appropriate due to actual or, as reasonably determined by legal counsel to the Indemnified Party, potentially differing interests between such parties in the conduct of the defense of such Claim, or if there may be legal defenses available to the Indemnified Party that are in addition to or disparate from those available to the Indemnifying Party, or (z) the Indemnifying Party shall have failed to employ legal counsel reasonably satisfactory to the Indemnified Party within a reasonable period of time after notice of the commencement of such Claim. If the Indemnified Party employs separate legal counsel in circumstances other than as described in clauses (x), (y) or (z) above, the fees, costs and expenses of such legal counsel shall be borne exclusively by the Indemnified Party. Except as provided above, the Indemnifying Party shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one firm of legal counsel for the Indemnified Party (together with appropriate local counsel). The Indemnifying <PAGE 25> Party shall not, without the prior written consent of the Indemnified Party (which consent shall not unreasonably be withheld), settle or compromise any Claim or consent to the entry of any judgment that does not include an unconditional release of the Indemnified Party from all liabilities with respect to such Claim or judgment.

E. In the event one party hereunder should have a claim for indemnification that does not involve a claim or demand being asserted by a third party, the Indemnified Party promptly shall deliver notice of such claim to the Indemnifying Party. If the Indemnified Party disputes the claim, such dispute shall be resolved by mutual agreement of the Indemnified Party and the Indemnifying Party or by binding arbitration conducted in accordance with the procedures and rules of the American Arbitration Association. Judgment upon any award rendered by any arbitrators may be entered in any court having competent jurisdiction thereof.

XII. GOVERNING LAW: MISCELLANEOUS.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York, without regard to the conflicts of law principles of such state. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. A facsimile transmission of this signed Agreement shall be legal and binding on all parties hereto. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original. The headings of this Agreement are for convenience of

reference and shall not form part of, or affect the interpretation of, this Agreement. if any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

XIII. NOTICES.

Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally or by overnight courier service, or, <PAGE 26> if mailed, three (3) days after the date of deposit in the United States mails, as follows:

(1) if to the Company, to:

DYNAMICWEB ENTERPRISES, INC.
271 Route 46 West
Building F, Suite 209
Fairfield, NJ 07001
Attention: Steven L. Vanechanos, Jr.
Telephone: (973) 276-3107
Facsimile: (973) 575-9830

With a copy to:

Stevens & Lee
One Glenhardie Corporate Center
Suite 202
Wayne, PA 19087-0234
Attention: Steve Ritner, Esq.
Telephone: (610) 964-1480
Facsimile: (610) 687-1384

(2) if to the Buyer, to

THE SHAAR FUND LTD.,
c/o SHAAR ADVISORY SERVICES LTD.
62 King George Street, Apartment 4F
Jerusalem, Israel
Attention: Samuel Levinson

with a copy to:

Herrick, Feinstein LLP
2 Park Avenue
New York, New York 10016
Attention: Irwin A. Kishner, Esq.
Telephone: (212) 592-1435
Facsimile: (212) 889-7577

(3) if to the Escrow Agent, to:

Herrick, Feinstein LLP
2 Park Avenue
New York, New York 10016
Attention: Irwin A. Kishner, Esq.
Telephone: (212) 592-1435
Facsimile: (212) 889-7577

The Company, the Buyer or the Escrow Agent may change the foregoing address by notice given pursuant to this Section XIII.
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XIV. CONFIDENTIALITY.

Each of the Company and Buyer agrees to keep confidential and not to disclose to or use for the benefit of any third party the terms of this Agreement or any other information which at any time is communicated by the other party as being confidential without the prior written approval of the other party; provided, however, that this provision shall not apply to information which, at the time of disclosure, is already part of the public domain (except by breach of this Agreement) and information which is required to be disclosed by law (including, without limitation, pursuant to Item 10 of Rule 601 of Regulation S-K under the Securities Act and the Exchange Act).

XV. ASSIGNMENT.

This Agreement shall not be assignable by either of the parties hereto prior to the Closing without the prior written consent of the other party, and any attempted assignment contrary to the provisions hereby shall be null and void; provided, however, that Buyer may assign its rights and obligations hereunder, in whole or in part, to any affiliate of Buyer who furnishes to the Company the representations and warranties set forth in Section II hereof and otherwise agrees to be bound by the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the date first written above.

THE COMPANY:

DYNAMICWEB ENTERPRISES, INC.

By/s/Steven L. Vanechanos, Jr.
Name: Steven L. Vanechanos, Jr.
Title: Chief Executive Officer

BUYER:

THE SHAAR FUND LTD.

By: INTERCARRIBBEAN SERVICES, INC.

By/s/ Samuel Levinson
Name: Samuel Levinson

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EXHIBIT A

Common Stock Purchase Warrant No. 1

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EXHIBIT B

Common Stock Purchase Warrant No. 2

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EXHIBIT C

Certificate of Amendment

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EXHIBIT D

Escrow Instructions

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EXHIBIT E

Registration Rights Agreement

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Schedule III.A.2

Subsidiaries

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Schedule III.C.

EXHIBIT 10.27

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT dated this _____ day of August, 1998 (this "Agreement"), between DYNAMICWEB ENTERPRISES, INC., a New Jersey corporation, with principal executive offices located at 271 Route 46 West, Fairfield, New Jersey 071004 (the "Company"), and the undersigned (the "Initial Investor").

WITNESSETH:

WHEREAS, upon the terms and subject to the conditions of the Securities Purchase Agreement dated as of August _, 1998, between the Initial Investor and the Company (the "Securities Purchase Agreement"), the Company has agreed to issue and sell to the Initial Investor (1) on the date hereof, 875 shares of the Company's Series A 6% Convertible Preferred Stock, par value $0.001 (collectively, the "Initially Issued Preferred Shares") which, upon the terms of and subject to the conditions of the Company's Certificate of Amendment to the Company's Certificate of Incorporation (the "Certificate of Amendment"), are convertible into shares of the Company's common stock, par value $0.0001 (the "Common Stock") and Common Stock Purchase Warrants (collectively, the "Initially Issued Warrants") to purchase 87,500 shares of Common Stock (the "First Tranche"); and (ii) subsequent to the date hereof, upon the terms and conditions contained in the Securities Purchase Agreement, including the satisfaction of the conditions precedent contained therein, an additional 675 shares of the Company's Series A 6% Convertible Preferred Stock, par value $0.001 (collectively, the "Subsequently Issued Preferred Shares" and together with the Initially Issued Preferred Shares, collectively referred to as the "Preferred Shares") and 67,500 Common Stock Purchase Warrants (collectively, the Subsequently Issued Warrants" together with the Initially Issued Warrants, collectively referred to as the "Warrants") on the Second Funding Date (as defined herein) (the "Second Tranche"); and

WHEREAS, to induce the Initial Investor to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide with respect to the Common Stock issued or issuable in lieu of cash dividend payments on the Preferred Shares, upon conversion of the Preferred Shares and exercise of the Warrants certain registration rights under the Securities Act;

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

1. Definitions.

(a) As used in this Agreement, the following terms shall have the following meanings:

(i) "Affiliate", of any specified Person means any other Person who directly, or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common control with, such specified Person. For purposes of this definition, control of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract, securities, ownership or otherwise; and the terms "controlling" and "controlled" have the respective meanings correlative to the foregoing.

(ii) "Commission" means the Securities and Exchange Commission.

(iii) "Current Market Price' on any date of determination means the closing bid price of a share of the

Common Stock on such day as reported on the National Association of Securities Dealers, Inc. ("NASD") Over the Counter ("OTC") Bulletin Board System ("BBS", together with NASD and OTC, the "NASDfBBS"), or, if such security is not listed or admitted to trading on the NASD/BBS, on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the closing bid price of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any NASD member firm selected from time to time by the Board of Directors of the Company for that purpose, or a price determined in good faith by the Board of Directors of the Company as being equal to the fair market value thereof, as the case may be.

(iv) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, or any similar successor statute.

(v) "Initial Funding Date" means the date and time of the issuance and sale of the Initially Issued Preferred Shares and the Initially Issued Warrants in the First Tranche.

(vi) "Investors" means the Initial Investor and any transferee or assignee of Registrable Securities who agrees to become bound by all of the terms and provisions of this Agreement in accordance with Section 8 hereof.

(vii) "Public Offering" means an offer registered with the Commission and the appropriate state securities commissions by the Company of its Common Stock and made pursuant to the Securities Act.

(viii) "Person" means any individual, partnership, corporation, limited liability company, joint stock <PAGE 2> company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

(ix) "Prospectus" means the prospectus (including, without limitation, any preliminary prospectus and any final prospectus filed pursuant to Rule 424(b) under the Securities Act, including any prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance on Rule 430A under the Securities Act) included in the Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by the Company under the Exchange Act and incorporated by reference therein.

(x) "Registrable Securities" means the Common Stock issued or issuable (i) in lieu of cash dividend payments on the Preferred Shares (assuming all of the Preferred Shares included in the First Tranche and the Second Tranche have been issued and sold), (ii) upon conversion of the Preferred Shares (assuming all of the Preferred Shares included in the First Tranche and the Second Tranche have been issued and sold) or (iii) upon exercise of the Warrants (assuming all of the Warrants included in the First Tranche and the Second Tranche have been issued and sold); provided, however, a share of Common Stock shall cease to be a Registrable Security for purposes of this Agreement when it no longer is a Restricted Security.

(xi) "Registration Statement" means a

registration statement of the Company filed on an appropriate form under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act, including the Prospectus contained therein and forming a part thereof, any amendments to such registration statement and supplements to such Prospectus, and all exhibits and other material incorporated by reference in such registration statement and Prospectus.

(xii) "Restricted Security" means any share of Common Stock issued or issuable in lieu of cash dividend payments on the Preferred Shares, upon conversion of the Preferred Shares or exercise of the Warrants except any such share that (i) has been registered pursuant to an effective registration statement under the Securities Act and sold in a manner contemplated by the Prospectus included in the Registration Statement, (ii) has been transferred in compliance with the resale provisions of Rule 144 under the Securities Act (or any successor provision thereto) or is transferable pursuant to paragraph (d) of Rule 144 under the Securities Act (or any <PAGE 3> successor provision thereto), or (iii) other-,vise has been transferred and a new share of Common Stock not subject to transfer restrictions under the Securities Act has been delivered by or on behalf of the Company.

(xiii) "Second Funding Date" means the date and time of the issuance and sale of the Subsequently Issued Preferred Shares and the Subsequently Issued Warrants in the Second Tranche.

(xiv) "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, or any similar successor statute.

(b) All capitalized terms used and not defined herein have the respective meaning assigned to them in the Securities Purchase Agreement.

2. Registration.

(a) Filing and Effectiveness of Registration Statement. The Company shall prepare and file with the Commission not later than sixty (60) days after the Initial Funding Date, a Registration Statement relating to the offer and sale of all of the Registrable Securities and shall use its best efforts to cause the Commission to declare such Registration Statement effective under the Securities Act as promptly as practicable but not later than one hundred and twenty (1 20) days after the Initial Funding Date, assuming for purposes hereof a Conversion Price under the Certificate of Amendment of $2.50 per share. The Company shall not include any other securities in the Registration Statement relating to the offer and sale of the Registrable Securities, except for shares of Common Stock issued or issuable upon exercise of stock options granted under the Company's 1997 Stock Option Plan, as amended, and 90,000 shares of Common Stock issued or issuable under Stock Options granted to Perry and Co. The Company shall notify the Initial Investor by written notice that such Registration Statement has been declared effective by the Commission within 24 hours of such declaration by the Commission.

(b) Registration Default. If the Registration Statement covering the Registrable Securities or the Additional Registrable Securities (as defined in Section 2(d) hereof) required to be filed by the Company pursuant to Section 2(a) or 2(d) hereto as the case may be, is not (i) filed with the Commission within sixty (60) days after the Initial Funding Date or (ii) declared effective by the Commission within one hundred and twenty (120) days after the Initial Funding Date (either of which, without duplication, an "Initial Date"), then the Company shall make the payments to the Initial Investor as provided in the next sentence as liquidated damages and not as a penalty.

The amount to be paid by the Company to the Initial Investor shall be determined as of each Computation Date (as defined below), and such amount shall be equal to 2% (the "Liquidated <PAGE 4> Damage Rate") of the aggregate of the Initial Purchase Price and the Second Purchase Price (as each such term is defined in the Securities Purchase Agreement) from the Initial Date to the first Computation Date and for each Computation Date thereafter, calculated on a pro rata basis to the date on which the Registration Statement is filed with (in the event of an Initial Date pursuant to (c)(i) above) or declared effective by (in the event of an Initial Date pursuant to (c)(ii) above) the Commission (the "Periodic Amount") provided, however, that in no event shall the Liquidated Damages be less than $25,000. The full Periodic Amount shall be paid by the Company to the Initial Investor by wire transfer of immediately available funds within three days after each Computation Date.

As used in this Section 2(b), "Computation Date" means the date which is 10 days after the Initial Date and, if the Registration Statement required to be filed by the Company pursuant to Section 2(a) has not theretofore been declared effective by the Commission, each date which is 30 days after the previous Computation Date until such Registration Statement is so declared effective.

Notwithstanding the above, if the Registration Statement covering the Registrable Securities or the Additional Registrable Securities (as defined in Section 2(d) hereof) required to be filed by the Company pursuant to Section 2(a) or 2(d) hereof, as the case may be, is not filed with the Commission by the sixtieth (60th) day after the Initial Funding Date, the Company shall be in default of this Registration Rights Agreement.

(c) Eligibility for Use of Form S-3. The Company is not currently eligible to file a Registration Statement on Form S-3 because it does not meet its minimum financial requirements. The Company agrees that at such time as it meets all the requirements for the use of Securities Act Registration Statement on Form S-2 it shall file all reports and information required to be filed by it with the Commission in a timely manner and take all such other action so as to maintain such eligibility for the use of such form. Until such time as the Company is eligible to file such Registration Statement on Form S-2 or Form S-3, the Company agrees that it shall file a Securities Act Registration Statement on Form SB-2 with the Commission in a timely manner and take all such other action so as to maintain such eligibility for the use of such form.

(d) In the event the Current Market Price declines to $2.50, the Company shall, to the extent required by the Securities Act (because the additional shares were not covered by the Registration Statement filed pursuant to Section 2(a)), as reasonably determined by the Initial Investor, file an additional Registration Statement with the Commission for such additional number of Registrable Securities as would be issuable upon conversion of the Preferred Shares and exercise of the Warrants (the "Additional Registrable Securities") in <PAGE 5> addition to those previously registered, assuming a Conversion Price of $2.00 per share. The Company shall, to the extent required by the Securities Act, as reasonably determined by the Initial Investor, prepare and file with the Commission not later than the 30th day thereafter, a Registration Statement relating to the offer and sale of such Additional Registrable Securities and shall use its best efforts to cause the Commission to declare such Registration Statement effective under the Securities Act as promptly as practicable but not later than 60 days thereafter. The Company shall not include any other securities in the Registration Statement relating to the offer and sale of such additional Registrable Securities.

(e) (i) If the Company proposes to register any of its warrants. Common Stock or any other shares of common

stock of the Company under the Securities Act (other than a registration (A) on Form S-8 or S-4 or any successor or similar forms, (B) relating to Common Stock or any other shares of common stock of the Company issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company or (C) in connection with a direct or indirect acquisition by the Company of another Person or any transaction with respect to which Rule 145 (or any successor provision) under the Securities Act applies), whether or not for sale for its own account, it will each such time, give prompt written notice at least 20 days prior to the anticipated filing date of the registration statement relating to such registration to the Initial Investor, which notice shall set forth such Initial Investor's rights under this Section 3(e) and shall offer the Initial Investor the opportunity to include in such registration statement such number of Registrable Shares as the Initial Investor may request. Upon the written request of an Initial Investor made within ten (10) days after the receipt of notice from the Company (which request shall specify the number of Registrable Shares intended to be disposed of by such Initial Investor), the Company will use its best efforts to effect the registration under the Securities Laws of all Registrable Shares that the Company has been so requested to register by the Initial Investor, to the extent requisite to permit the disposition of the Registrable Shares so to be registered; provided, however, that (A) if such registration involves a Public Offering, the Initial Investor must sell their Registrable Shares to the underwriters selected as provided in Section 3(b) hereof on the same terms and conditions as apply to the Company and (B) if, at any time after giving written notice of its intention to register any Registrable Shares pursuant to this Section 3 and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register such Registrable Shares, the Company shall give written notice to the Initial Investor and, thereupon, shall be relieved of its obligation to register any Registrable Shares in connection with such registration. The Company's obligations under this Section 2(e) shall terminate on the date that the registration statement to be filed in <PAGE 6> accordance with Section 2(a) is declared effective by the Commission.

(ii) If a registration pursuant to this Section 2(e) involves a Public Offering and the managing underwriter thereof advises the Company that, in its view, the number of shares of Common Stock, Warrants or other shares of Common Stock that the Company and the Initial Investor intend to include in such registration exceeds the largest number of shares of Common Stock or Warrants (including any other shares of Common Stock or Warrants of the Company) that can be sold without having an adverse effect on such Public Offering (the "Maximum Offering Size"), the Company will include in such registration, only that number of shares of Common Stock or Warrants, as applicable, such that the number of Registrable Shares registered does not exceed the Maximum Offering Size, with the difference between the number of shares in the Maximum Offering Size and the number of shares to be issued by the Company to be allocated (after including all shares to be issued and sold by the Company) among the Company and the Initial Investor pro rata on the basis of the relative number of Registrable Shares offered for sale under such registration by each of the Company and the Initial Investor.

If as a result of the proration provisions of this Section 2(e)(ii), any, Initial Investor is not entitled to include all such Registrable Shares in such registration, such Initial Investor may elect to withdraw its request to include any Registrable Shares in such registration. With respect to registrations pursuant to this Section 2(e), the number of securities required to satisfy any underwriters' over-allotment option shall be allocated pro rata among the Company and the Initial Investor on the basis of the relative number of securities otherwise to be included by each of them in the registration with respect to which such over-allotment option

relates.

3. Obligations of the Company. In connection with the registration of the Registrable Securities, the Company shall:

(a) Promptly (i) prepare and file with the Commission such amendments (including post-effective amendments) to the Registration Statement and supplements to the Prospectus as may be necessary to keep the Registration Statement continuously effective and in compliance with the provisions of the Securities Act applicable thereto so as to permit the Prospectus forming part thereof to be current and useable by Investors for resales of the Registrable Securities for a period of two years from the date on which the Registration Statement is first declared effective by the Commission (the "Effective Time") or such shorter period that will terminate when all the Registrable Securities covered by the Registration Statement have been sold pursuant thereto in accordance with the plan of distribution provided in the Prospectus, transferred pursuant to Rule 144 under the Securities Act or otherwise transferred in a <PAGE 7> manner that results in the delivery of new securities not subject to transfer restrictions under the Securities Act (the "Registration Period") and (ii) take all lawful action such that each of (A) the Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading and (B) the Prospectus forming part of the Registration Statement, and any amendment or supplement thereto, does not at any time during the Registration Period include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing provisions of this Section 3(a), the Company may, during the Registration Period, suspend the use of the Prospectus for a period not to exceed 60 days (whether or not consecutive) in any 12-month period if the Board of Directors of the Company determines in good faith that because of valid business reasons, including pending mergers or other business combination transactions, the planned acquisition or divestiture of assets, pending material corporate developments and similar events, it is in the best interests of the Company to suspend such use, and prior to or contemporaneously with suspending such use the Company provides the Investors with written notice of such suspension, which notice need not specify the nature of the event giving rise to such suspension. At the end of any such suspension period, the Company shall provide the Investors with written notice of the termination of such suspension.

(b) During the Registration Period, comply with the provisions of the Securities Act with respect to the Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the Investors as set forth in the Prospectus forming part of the Registration Statement;

(c) (i) Prior to the filing with the Commission of any Registration Statement (including any amendments thereto) and the distribution or delivery of any Prospectus (including any supplements thereto), provide draft copies thereof to the Investors and reflect in such documents all such comments as the Investors (and their counsel) reasonably may propose and (ii) furnish to each Investor whose Registrable Securities are included in the Registration Statement and its legal counsel identified to the Company, (A) promptly after the same is prepared and publicly distributed, filed with the Commission, or received by the Company, one copy of the Registration Statement, each Prospectus, and each amendment or supplement thereto, and (B) such number of copies of the Prospectus and all amendments and supplements thereto and such other documents, as such

Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(d) (i) Register or qualify the Registrable Securities covered by the Registration Statement under such securities or "blue sky" laws of such jurisdictions as the Investors who hold a majority-in-interest of the Registrable Securities being offered reasonably request, (ii) prepare and file in such jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof at all times during the Registration Period, (iii) take all such other lawful actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all such other lawful actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d);

(e) As promptly as practicable after becoming aware of such event, notify each Investor of the occurrence of any event, as a result of which the Prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and promptly prepare an amendment to the Registration Statement and supplement to the Prospectus to correct such untrue statement or omission, and deliver a number of copies of such supplement and amendment to each Investor as such Investor may reasonably request;

(f) As promptly as practicable after becoming aware of such event, notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the Commission of any stop order or other suspension of the effectiveness of the Registration Statement at the earliest possible time and take all lawful action to effect the withdrawal, recession or removal of such stop order or other suspension;

(g) Cause all the Registrable Securities covered by the Registration Statement to be listed on the principal national securities exchange, and included in an inter-dealer quotation system of a registered national securities association, on or in which securities of the same class or series issued by the Company are then listed or included;

(h) Maintain a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement;

(i) Cooperate with the Investors who hold Registrable Securities being offered to facilitate the timely <PAGE 9> preparation and delivery of certificates for the Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates for the Registrable Securities to be in such denominations or amounts, as the case may be, as the Investors reasonably may request and registered in such names as the Investor may request; and, within three business days after a Registration Statement which includes Registrable Securities is declared effective by the Commission, deliver and cause legal counsel selected by the Company to deliver to the transfer agent for the Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) an appropriate instruction and, to the extent necessary, an opinion of such counsel;

(j) Take all such other lawful actions reasonably necessary to expedite and facilitate the disposition by the Investors of their Registrable Securities in accordance with the intended methods therefor provided in the Prospectus which are customary under the circumstances;

(k) Make generally available to its security holders as soon as practicable, but in any event not later than three (3) months after (i) the effective date (as defined in Rule 158(c) under the Securities Act) of the Registration Statement, and (ii) the effective date of each post-effective amendment to the Registration Statement as the case may be, an earnings statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(l) In the event of an underwritten offering, promptly include or incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the managers reasonably agree should be included therein and to which the Company does not reasonably object and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after it is notified of the matters to be included or incorporated in such Prospectus supplement or post-effective amendment;

(m) (i) Make reasonably available for inspection by Investors, any underwriter participating in any disposition pursuant to the Registration Statement, and any attorney, accountant or other agent retained by such Investors or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and (ii) cause the Company's officers, directors and employees to supply all information reasonably requested by such Investors or any such underwriter, attorney, accountant or agent in connection with the Registration Statement, in each case, as is customary for similar due diligence examinations; provided, however, that all records, information and documents that are designated in writing by the Company, in good faith, as <PAGE 10> confidential, proprietary or containing any material nonpublic information shall be kept confidential by such Investors and any such underwriter, attorney, accountant or agent (pursuant to an appropriate confidentiality agreement in the case of any such holder or agent), unless such disclosure is made pursuant to judicial process in a court proceeding (after first giving the Company an opportunity promptly to seek a protective order or otherwise limit the scope of the information sought to be disclosed) or is required by law, or such records, information or documents become available to the public generally or through a third party not in violation of an accompanying obligation of confidentiality; provided, however, that such records, information and documents shall be used by such person solely for the purpose of determining that disclosures made in the Registration Statement are true and correct, and for no other purpose; and provided further that, if the foregoing inspection and information gathering would otherwise disrupt the Company's conduct of its business, such inspection and information gathering shall, to the maximum extent possible, be coordinated on behalf of the Investors and the other parties entitled thereto by one firm of counsel designed by and on behalf of the majority in interest of Investors and other parties;

(n) In connection with any underwritten offering, make such representations and warranties to the Investors participating in such underwritten offering and to the managers, in form, substance and scope as are customarily made by the Company to underwriters in secondary underwritten offerings;

(o) In connection with any underwritten offering, obtain opinions of counsel to the Company (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managers) addressed to the underwriters,

covering such matters as are customarily covered in opinions requested in secondary underwritten offerings (it being agreed that the matters to be covered by such opinions shall include, without limitation, as of the date of the opinion and as of the Effective Time of the Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence from the Registration Statement and the Prospectus, including any documents incorporated by reference therein, of an untrue statement of a material fact or the omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading, subject to customary limitations);

(p) In connection with any underwritten offering, obtain "cold comfort" letters and updates thereof from the independent public accountants of the Company (and, if necessary, from the independent public accountants of any subsidiary of the Company or of any business acquired by the Company, in each case for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each underwriter participating in such underwritten <PAGE 11> offering (if such underwriter has provided such letter, representations or documentation, if any, required for such cold comfort letter to be so addressed), in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with secondary underwritten offerings;

(q) In connection with any underwritten offering, deliver such documents and certificates as may be reasonably required by the managers, if any; and

(r) In the event that any broker-dealer registered under the Exchange Act shall be an "Affiliate" (as defined in Rule 2729(b)(1) of the rules and regulations of the National Association of Securities Dealers, Inc. (the "NASD Rules") (or any successor provision thereto)) of the Company or has a "conflict of interest" (as defined in Rule 2720(b)(7) of the NASD Rules (or any successor provision thereto)) and such broker-dealer shall underwrite, participate as a member of an underwriting syndicate or selling group or assist in the distribution of any Registrable Securities covered by the Registration Statement, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the.Company shall assist such broker-dealer in complying with the requirements of the NASD Rules, including, without limitation, by (A) engaging a "qualified independent underwriter" (as defined in Rule 2720(b)(15) of the NASD Rules (or any successor provision thereto)) to participate in the preparation of the Registration Statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereof and to recommend the public offering price of such Registrable Securities, (B) indemnifying such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 6(a) hereof, and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the NASD Rules.

4. Obligations of the Investors. In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable

Securities and shall execute such documents in connection with such registration as the Company may reasonably request. As least seven days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each <PAGE 12> Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor elects to have any of its Registrable Securities included in the Registration Statement. If at least two business days prior to the anticipated filing date the Company has not received the Requested Information from an Investor (a "Non-Responsive Investor") , then the Company may file the Registration Statement without including Registrable Securities of such Non-Responsive Investor and have no further obligations to the Non-Responsive Investor;

(b) Each Investor by its acceptance of the Registrable Securities agrees to cooperate with the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from the Registration Statement; and

(c) Each Investor agrees that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 3(e) or 3(f), it shall immediately discontinue its disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(e) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Expenses of Registration. All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printing and engraving fees, accounting fees, and the fees and disbursements of counsel for the Company, and the reasonable fees of one firm of counsel to the holders of a majority in interest of the Registrable Securities shall be borne by the Company.

6. Indemnification and Contribution.

(a) The Company shall indemnify and hold harmless each Investor and each underwriter, if any, which facilitates the disposition of Registrable Securities, and each of their respective officers and directors and each person who controls such Investor or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such person being sometimes hereinafter referred to as an "Indemnified Person") from and against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in <PAGE 13> respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, not misleading, or arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Prospectus or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company hereby agrees to reimburse such Indemnified Person for all reasonable legal and other expenses incurred by them in connection with investigating or defending any such action or claim as and when

such expenses are incurred; provided, however, that the Company shall not be liable to any such Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon (i) an untrue statement or alleged untrue statement made in, or an omission or alleged omission from, such Registration Statement or Prospectus in reliance upon and in conformity with written information furnished to the Company by such Indemnified Person expressly for use therein or (ii) in the case of the occurrence of an event of the type specified in Section 3(e), the use by the Indemnified Person of an outdated or defective Prospectus after the Company has provided to such Indemnified Person an updated Prospectus correcting the untrue statement or alleged untrue statement or omission or alleged omission giving rise to such loss, claim, damage or liability.

(b) Indemnification by the Investors and Underwriters. Each Investor agrees, as a consequence of the inclusion of any of its Registrable Securities in a Registration Statement, and each underwriter, if any, which facilitates the disposition of Registrable Securities shall agree, as a consequence of facilitating such disposition of Registrable Securities, severally and not jointly, to (i) indemnify and hold harmless the Company, its directors (including any person who, with his or her consent, is named in the Registration Statement as a director nominee of the Company), its officers who sign any Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Company or such other persons may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such Registration Statement or Prospectus or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be ;Stated therein or necessary to make the statements therein (in light of the circumstances under which they were made, in the case of the Prospectus), not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue <PAGE 14> statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such holder or underwriter expressly for use therein; provided, however, that no Investor or underwriter shall be liable under this Section 6(b) for any amount in excess of the net proceeds paid to such Investor or underwriter in respect of shares sold by it, and (ii) reimburse the Company for any legal or other expenses incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Notice of Claims, etc. Promptly after receipt by a party seeking indemnification pursuant to this Section 6 (an "Indemnified Party") of written notice of any investigation, claim, proceeding or other action in respect of which indemnification is being sought (each, a "Claim"), the Indemnified Party promptly shall notify the party against whom indemnification pursuant to this Section 6 is being sought (the "Indemnifying Party") of the commencement thereof; but the omission to so notify the Indemnifying Party shall not relieve it from any liability that it otherwise may have to the Indemnified Party, except to the extent that the Indemnifying Party is materially prejudiced and forfeits substantive rights and defenses by reason of such failure. In connection with any Claim as to which both the Indemnifying Party and the Indemnified Party are parties, the Indemnifying Party shall be entitled to assume the defense thereof Notwithstanding the assumption of the defense of any Claim by the Indemnifying Party, the Indemnified Party shall have the right to employ separate legal counsel and to participate in the defense of such Claim, and the Indemnifying Party shall bear the reasonable fees, out-of-pocket costs and expenses of such separate legal counsel to the Indemnified Party

if (and only if): (x) the Indemnifying Party shall have agreed to pay such fees, costs and expenses, (y) the Indemnified Party and the Indemnifying Party shall reasonably have concluded that representation of the Indemnified Party by the Indemnifying Party by the same legal counsel would not be appropriate due to actual or, as reasonably determined by legal counsel to the Indemnified Party, potentially differing interests between such parties in the conduct of the defense of such Claim, or if there may be legal defenses available to the Indemnified Party that are in addition to or disparate from those available to the Indemnifying Party, or (z) the Indemnifying Party shall have failed to employ legal counsel reasonably satisfactory to the Indemnified Party within a reasonable period of time after notice of the commencement of such Claim. If the Indemnified Party employs separate legal counsel in circumstances other than as described in clauses (x) , (y) or (z) above, the fees, costs and expenses of such legal counsel shall be borne exclusively by the Indemnified Party. Except as provided above, the Indemnifying Party shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one firm of counsel for the Indemnified Party (together with appropriate local counsel). The Indemnifying Party shall not, without the prior written consent of the Indemnifying Party <PAGE 15> (which consent shall not unreasonably be withheld), settle or compromise any Claim or consent to the entry of any judgment that does not include an unconditional release of the Indemnifying Party from all liabilities with respect to such Claim or judgment.

(d) Contribution. If the indemnification provided for in this Section 6 is unavailable to or insufficient to hold harmless an Indemnified Person under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, Whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnified Party or by such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation (even if the Investors or any underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6 (d) . The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Investors and any underwriters in this Section 6(d) to contribute shall be several in proportion to the percentage of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) Notwithstanding any other provision of this Section 6, in no event shall any (i) Investor be required to undertake liability to any person under this Section 6 for any

amounts in excess of the dollar amount of the proceeds to be received by such Investor from the sale of such Investor's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Registration Statement under which such Registrable Securities are to be <PAGE 16> registered under the Securities Act and (ii) underwriter be required to undertake liability to any Person hereunder for any amounts in excess of the aggregate discount, commission or other compensation payable to such underwriter with respect to the Registrable Securities underwritten by it and distributed pursuant to the Registration Statement.

(f) The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have to any Indemnified Person and the obligations of any Indemnified Person under this Section 6 shall be in addition to any liability which such Indemnified Person may otherwise have to the Company. The remedies provided in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity.

7. Rule 144. With a view to making available to the Investors the benefits of Rule 144 under the Securities Act or any other similar rule or regulation of the Commission that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to use its best efforts to:

(a) comply with the provisions of paragraph (c)(1) of Rule 144; and

all reports and other documents required to be filed by the Company pursuant to Section 13 or 15(d) under the Exchange Act; and, if at any time it is not required to file such reports but in the past had been required to or did file such reports, it will, upon the request of any Holder, make available other information as required by, and so long as necessary to permit sales of, its Registrable Securities pursuant to Rule 144.

8. Assignment. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any permitted transferee of all or any portion of such securities (or all or any portion of any Preferred Shares or Warrant of the Company which is convertible into such securities) of Registrable Securities only if. (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment, the securities so transferred or assigned to the transferee or assignee constitute Restricted Securities, and (d) at or before the time the Company received the written notice contemplated by clause (b) of this <PAGE 17> sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein.

9. Amendment and Waiver. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) , only with the written consent of the Company and Investors who hold a majority-in-interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon each Investor and the Company.

10. Miscellaneous.

(a) A person or entity shall be deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) If, after the date hereof and prior to the Commission declaring the Registration Statement to be filed pursuant to Section 2(a) effective under the Securities Act, the Company grants to any Person any registration rights with respect to any Company securities which are more favorable to such other Person than those provided in this Agreement, then the Company forthwith shall grant (by means of an amendment to this Agreement or otherwise) identical registration rights to all Investors hereunder.

(c) Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally or by overnight courier service, or, if mailed, three (3) days after the date of deposit in the United States mails, as follows:

(1) if to the Company, to:

DYNAMICWEB ENTERPRISES, INC.
271 Route 46W, Building F, Suite 209
Fairfield, New Jersey 07004
Attention: Steven L. Vanechanos, Jr.
Telephone: (973) 276-3107
Facsimile: (973) 575-9830

With a copy to:

STEVENS & LEE <PAGE 18>
One Glenhardie Corporate Center
Suite 202
Wayne, PA 19087-0234
Attention: Steve Ritner, Esq.
Telephone: (610) 964-1480
Facsimile: (610) 687-1384

(2) if to the Initial Investor, to:

THE SHAAR FUND LTD.,
c/o SHAAR ADVISORY SERVICES LTD.
62 King George Street, Apartment 4F
Jerusalem, Israel
Attention: Samuel Levinson

with a copy to:

HERRICK, FEINSTEIN LLP
2 Park Avenue
New York, New York 10016
Attention: Irwin A. Kishner, Esq.
Telephone: (212) 592-1435
Facsimile: (212) 889-7577

(3) if to any other Investor, at such address as such Investor shall have provided in writing to the Company.

The Company, the Initial Investor or any Investor may change the foregoing address by notice given pursuant to this Section 10(c).

(d) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in

exercising such right or remedy, shall not operate as a waiver thereof

(e) This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions.

(f) The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provision, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts <PAGE 19> to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(g) The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company is not currently a party to any agreement granting any registration rights with respect to any of its securities to any person which conflicts with the Company's obligations hereunder or gives any other party the right to include any securities in any Registration Statement filed pursuant hereto, except for such rights and conflicts as have been irrevocably waived, and except for the Company's agreement with Perry and Co. to register the underlying Common Stock with respect to 90,000 stock options granted to Perry and Co. Without limiting the generality of the foregoing, without the written consent of the Holders of a majority in interest of the Registrable Securities, the Company shall not grant to any person the right to request it to register any of its securities under the Securities Act unless the rights so granted are subject in all respect to the prior rights of the holders of Registrable Securities set forth herein, and are not otherwise in conflict or inconsistent with the provisions of this Agreement. The restrictions on the Company's rights to grant registration rights under this paragraph shall terminate on the date the Registration Statement to be filed pursuant to Section 2(a) is declared effective by the Commission.

(h) This Agreement, the Securities Purchase Agreement, the Escrow Instructions, dated as of the date hereof (the "Escrow Instructions"), between the Company, the Initial Investor and Herrick, Feinstein LLP, the Preferred Shares and the Warrants constitute the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement, the Securities Purchase Agreement, the Escrow Instructions, the Certificate of Amendment and the Warrants supersede all prior agreements and undertakings among the parties hereto with respect to the subject matter hereof.

(i) Subject to the requirements of Section 8 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(j) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require. <PAGE 20>

(k) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(l) The Company acknowledges that any failure by the Company to perform its obligations under Section 3, or any delay in such performance could result in direct damages to the Investors and the Company agrees that, in addition to any other liability the Company may have by reason of any such failure or delay, the Company shall be liable for all direct damages caused by such failure or delay.

(m) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. A facsimile transmission of this signed Agreement shall be legal and binding on all parties hereto.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

DYNAMICWEB ENTERPRISES, INC.

By_____
Name: Steven L. Vanechanos, Jr.
Title: Chief Executive Officer

THE SHAAR FUND LTD.

By: INTERCARIBBEAN SERVICES, LTD.

By_____
Name:
Title:

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

DYNAMICWEB ENTERPRISES, INC.

By /s/Steven L. Vanechanos, Jr.
Name: Steven L. Vanechanos, Jr.
Title: Chief Executive Officer

THE SHAAR FUND LTD.

By: INTERCARIBBEAN SERVICES. LTD.

By /s/ Samuel Levinson
Name: Samuel Levinson

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EXHIBIT 10.28

4/02/98

Steve Vanechanos, Jr.
DynamicWeb Enterprises, Inc.
271 Route 46 West
Building F, Suite 209
Fairfield, NJ 07004

Dear Steve:

This letter confirms the terms of the agreement between DynamicWeb Enterprises, Inc. ("DWEB") and Perry & Co. ("Perry").

1. Engagement. The company has agreed to engage Perry as an independent contractor and consultant to provide investor relation services to the DWEB, and Perry has agreed to provide these services to DWEB, subject to the terms and conditions described in this letter.

2. Term. The initial term of the engagement is for a period of one year from the date of this letter. This agreement may be renewed at the end of the initial term, and at the end of any subsequent renewal term, for successive three-month periods, but only upon written notice by DWEB to Perry that it desire to continue the engagement. Both parties acknowledge that the parties' judgment of the quality of services provided by Perry will be subjective, and that DWEB therefore has the absolute right to determine its satisfaction with these services. Accordingly, there is no obligation, implied or otherwise, of DWEB to renew this agreement for successive terms.

3. Services. Perry will provide ongoing research coverage (while retaining the ultimate and unhampered right to determine whether to pronounce DWEB a buy, sell or otherwise in its published reports), update reports, corporate profiles/postcards, coverage announcements for news wires, free access to proprietary investor databases, free access to proprietary broker databases and consultation on securing nonproprietary investor and broker databases. Perry will also be available to provide counseling on style and content of investor relations material (DWEB will be responsible for ascertaining that said material meets all jurisdictional and regulatory requirements prior to public distribution) database management, lead generation and lead distribution and report distribution.

Perry will additionally provide DWEB with a premium position (first page, standard-sized "Watch List" banner) on the website, the Internet Stock Review, while operating, at no additional cost. <PAGE 1>

Perry additionally will distribute (or notify the availability of) to the subscribers of the Internet Stock Review Online newsletter, Press Releases and/or Corporate Profiles created by AV Newswire. AV Newswire creates audio and video enhanced corporate press releases, corporate announcements and product/service announcements. DWEB would have to contract separately with AV Newswire for the production of any such enhanced services.

4. Costs. DWEB will be responsible for all printing and distribution, press release and/or advertising costs recommended by Perry and pre-approved and prepaid by DWEB. DWEB will also be responsible for all travel related costs incurred by Perry when providing its services as determined by Perry and pre-approved and prepaid by DWEB.

5. Compensation for Services. DWEB will pay Perry a fee of $2,500 per month, payable monthly, in advance. In addition, DWEB will grant to Perry options to purchase 45,000 shares of DWEB and grant to Joel Arberman) ("Arberman") options to purchase 45,000 shares of DWEB at a price of $5.50 per share. The options granted to Perry and Arberman will enable Perry and Arberman to purchase such shares at any time commencing from time of engagement at the above-stated price and up until _____ years from the date of engagement. The options will enable Perry and Arberman to purchase freely-traded shares (free of restrictive legend) of DWEB.

Perry and DWEB agree that this compensation is a nonrefundable payment for engagement of services. If DWEB decides to terminate this agreement prior to end of the initial term, no refund will be forthcoming to DWEB or be payable by Perry.

6. Additional Obligations of Perry. Perry agrees that, in connection with its investor relation services to DWEB, it will abide by the following conditions:

(a) Perry will not release any financial or other material information about DWEB without prior written consent and approval of DWEB.

(b) Perry will not conduct any meetings with financial analysts without informing the DWEB in writing in advance of the proposed meeting.

(c) Perry will not release any information or data about DWEB to any selected person(s), entity(s) and/or group(s) if Perry is aware that such information or data has not been or is not concurrently or generally disclosed by the company.

(d) After notice by DWEB of filing for a proposed public offering of securities, and during any period of restriction on publicity, Perry shall not engage in any public <PAGE 2> relations efforts not in the normal course of business without the prior written approval of legal counsel for DWEB.

(e) Perry will indemnify DWEB from all claims, liability, costs or other expenses (including reasonable attorneys' fees) incurred by DWEB as a result of any inaccurate information concerning DWEB released by Perry, unless such information was provided to Perry by DWEB, or as a result of any breach by Perry of any of the terms and conditions of this agreement.

7. Additional Obligations of the Company. DWEB agrees that, in connection with this agreement, it will indemnify Perry from all claims, liability, costs or other expenses (including reasonable attorneys' fees) incurred by Perry as a result of any inaccurate information concerning Perry provided by DWEB or any of its officers or directors to Perry, or as a result of any breach by DWEB of any of the terms and conditions of this agreement. If, in DWEB's judgment, any material non-public information concerning DWEB cannot be revealed, DWEB will advise Perry that a quiet period is in effect. DWEB will not conduct any unsolicited email campaigns without Perry's specific written consent for any such campaign.

8. Independent Contractor. Perry is an independent contractor responsible for compensation of its agents, employees and representatives, as well as all applicable withholding and taxes (including unemployment compensation) and all workers' compensation insurance.

9. Assignment. The rights and obligations of each party to this agreement may not be assigned without the prior written consent of the other party.

10. Entire Agreement. This letter agreement between DWEB and Perry contains the entire agreement between them. This agreement may not be modified or extended except in writing and signed by DWEB and Perry.

11. Arbitration and Waiver of Jury Trial. ANY DISPUTE BASED UPON OR ARISING OUT OF THIS LETTER AGREEMENT SHALL BE SUBJECT TO BINDING ARBITRATION TO BE HELD IN LOS ANGELES COUNTY, CALIFORNIA BEFORE A RETIRED CALIFORNIA SUPERIOR COURT JUDGE. JUDGMENT ON THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING, AND MAY BE ENTERED IN ANY COMPETENT COURT. AS A PRACTICAL MATTER, BY AGREEING TO ARBITRATE ALL PARTIES ARE WAIVING JURY TRIAL.

12. Attorneys' Fees. The prevailing party in any arbitration or litigation arising out of or relating to this letter agreement shall be entitled to recover all attorneys' fees and all costs (whether or not such costs are recoverable pursuant to California Code of Civil Procedure) as may be incurred in connection with either obtaining or collecting any judgment <PAGE 3> and/or arbitration award, in addition to any other relief to which that party may be entitled.

Please sign this letter agreement in the space provided below to indicate your agreement with the terms stated in this letter.

Sincerely,

By /s/ Roland R. Perry
Roland R. Perry
President, Perry & Co.

AGREED AND ACCEPTED:

DynamicWeb Enterprises, Inc.

By /s/ Steve Vanechanos, Jr.
Steve Vanechanos, Jr.
Chief Executive Officer <PAGE 4>

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated July 10, 1998 with respect to the financial statements of Design Crafting, Inc. in the Registration Statement (Form S-2) and related prospectus of DynamicWeb Enterprises, Inc. for the registration of 1,039,872 shares of its common stock and to the incorporation by reference therein of our report dated November 11, 1997 (December 12, 1997 with respect to Note F, December 12, 1997 with respect to Note G[6] and January 9, 1998 with respect to Note G[5]) with respect to the consolidated financial statements of DynamicWeb Enterprises, Inc. and subsidiaries included in its annual report (Form 10-KSB) for the year ended September 30, 1997, filed with the Securities and Exchange Commission.

/s/ Richard A. Eisner & Company, LLP

New York, New York
November 13, 1998

EXHIBIT 3.1.10

CERTIFICATE OF
AMENDMENT TO THE
CERTIFICATE OF INCORPORATION
OF
DYNAMICWEB ENTERPRISES, INC.

Pursuant to the provision of N.J.S.A. 14:7-2, the undersigned corporation, for the purpose of amending its Certificate of Incorporation, hereby certifies as follows:

(a) The name of the "Corporation" is DynamicWeb Enterprises, Inc.

(b) Article Sixth of the Corporation's Certificate of Incorporation is hereby amended by adding the terms of Series A 6% Convertible Preferred Stock set forth in the resolution duly adopted by the Corporation's Board of Directors which is attached hereto as Exhibit A and made part hereof.

(c) The resolution was adopted by the Board of Directors at a special meeting of the Board of Directors on August 6, 1998.

(d) The Certificate of Incorporation is amended so that the designation and number of shares of each class and series acted upon in the resolution, and the relative rights, preferences and limitations of each such class and series, are stated in the resolution.

IN TESTIMONY WHEREOF, the Corporation has caused this Certificate of Amendment to the Certificate of Incorporation to be executed by a duly authorized officer as of the 6th day of August, 1998.

DYNAMICWEB ENTERPRISES, INC.

By: /s/ Steve Vanechanos, Jr.
Steve Vanechanos, Jr.
Chairman and Chief Executive Officer

EXHIBIT A

TERMS OF
SERIES A 6% CONVERTIBLE PREFERRED STOCK
OF
DYNAMICWEB ENTERPRISES, INC.

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (the "Board of Directors" or the "Board") in accordance with the provisions of its Certificate of Incorporation, the Board of Directors hereby authorizes a series of the Corporation's previously authorized Preferred Stock, no par value (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, privileges, powers and restrictions thereof as follows (it being acknowledged and agreed that the following terms of the Series A 6% Convertible Preferred Stock may not be amended, rescinded or modified in any way without the consent of all of the holders of the Series A 6% Convertible Preferred Stock then outstanding):

Series A 6% Convertible Preferred Stock:

ARTICLE 1
DEFINITIONS

SECTION 1.1 Definitions. The terms defined in this Article whenever used in this Certificate of Amendment have the following respective meanings:

(a) "Additional Capital Shares" has the meaning set forth in Section 6.1(c).

(b) "Affiliate" has the meaning ascribed to such term in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(c) "Business Day" means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

(d) "Capital Shares" means the Common Shares and any other shares of any other class or series of common stock, whether now or hereafter authorized and however designated, which have the right to participate in the distribution of earnings and assets (upon dissolution, liquidation or winding-up) of the Corporation.

(e) "Closing Date" means August 7, 1998.

(f) "Common Shares" or "Common Stock" means shares of common stock, $0.0001 par value, of the Corporation.

(g) "Common Stock Issued at Conversion" when used with reference to the securities issuable upon conversion of the Series A Preferred Stock, means all Common Shares now or hereafter Outstanding and securities of any other class or series into which the Series A Preferred Stock hereafter shall have been changed or substituted, whether now or hereafter created and however designated.

(h) "Conversion Date" means any day on which all or any portion of shares of the Series A Preferred Stock is converted in accordance with the provisions hereof.

(i) "Conversion Notice" has the meaning set forth in Section 6.2.

(j) "Conversion Price" means on any date of determination the applicable price for the conversion of shares of Series A Preferred Stock into Common Shares on such day as set forth in Section 6.1.

(k) "Conversion Ratio" means on any date of determination the applicable percentage of the Market Price for conversion of shares of Series A Preferred Stock into Common Shares on such day as set forth in Section 6.1.

(l) "Corporation" means DYNAMICWEB ENTERPRISES, INC., a New Jersey corporation, and any successor or resulting corporation by way of merger, consolidation, sale or exchange of all or substantially all of the Corporation's assets, or otherwise.

(m) "Current Market Price" means on any date of determination the closing bid price of a Common Share on such day as reported on the National Association of Securities Dealers, Inc. ("NASD") Over the Counter ("OTC") Bulletin Board System ("BBS, and together with NASD and OTC, the "NASD/BBS").

(n) "Default Dividend Rate" shall be equal to the Preferred Stock Dividend Rate plus an additional 6% per annum.

(o) "Holder" means The Shaar Fund Ltd., any successor thereto, or any Person to whom the Series A Preferred Stock is subsequently transferred in accordance with the provisions hereof.

(p) "Market Disruption Event" means any event

that results in a material suspension or limitation of trading of Common Shares on the NASD/BBS.

(q) "Market Price" per Common Share means the arithmetic mean of the three (3) lowest closing bid prices of the Common Shares as reported on the NASD/BBS for three (3) Trading Days in any Valuation Period, it being understood that such three (3) Trading Days during any Valuation Period need not be consecutive. <PAGE 3>

(r) "Outstanding" when used with reference to Common Shares or Capital Shares (collectively, "Shares"), means, on any date of determination, all issued and outstanding Shares, and includes all such Shares issuable in respect of outstanding scrip or any certificates representing fractional interests in such Shares; provided, however, that any such Shares directly or indirectly owned or held by or for the account of the Corporation or any Subsidiary of the Corporation shall not be deemed "Outstanding" for purposes hereof.

(s) "Person" means an individual, a corporation, partnership, an association, a limited liability company, unincorporated business organization, a trust or other entity or organization, and any government or political subdivision or any agency or instrumentality thereof.

(t) "Registration Rights Agreement" means that certain Registration Rights Agreement dated a date even herewith between the Corporation and The Shaar Fund Ltd.

(u) "SEC" means the United States Securities and Exchange Commission.

(v) "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as in effect at the time.

(w) "Securities Purchase Agreement" means that certain Securities Purchase Agreement dated a date even herewith between the Corporation and The Shaar Fund Ltd.

(x) "Series A Preferred Stock" means the Series A 6% Convertible Preferred Stock of the Corporation or such other convertible Preferred Stock exchanged therefor as provided in Section 2.1.

(y) "Stated Value" has the meaning set forth in Article 2.

(z) "Subsidiary" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly by the Corporation.

(aa) "Trading Day" means any day on which purchases and sales of securities authorized for quotation on the NASD/BBS are reported thereon and on which no Market Disruption Event has occurred.

(ab) "Valuation Event" has the meaning set forth in Section 6.1.

(ac) "Valuation Period" means the twenty (20) Trading Day period immediately preceding the Conversion Date. <PAGE 4>

All references to "cash" or "$" herein means currency of the United States of America.

ARTICLE 2
DESIGNATION AND AMOUNT

The designation of this series, which consists of 1,550 shares of Preferred Stock, is Series A 6% Convertible Preferred Stock (the "Series A Preferred Stock") and the stated value shall be One Thousand Dollars ($1,000) per share (the "Stated Value").

ARTICLE 3
BANK

SECTION 3.1

The Series A Preferred Stock shall rank (i) prior to the Common Stock; (ii) prior to any class or series of capital stock of the Corporation hereafter created other than "Pari Passu Securities" (collectively, with the Common Stock, "Junior Securities"); and (iii) pari passu with any class or series of capital stock of the Corporation hereafter created specifically ranking on parity with the Series A Preferred Stock ("Pari Passu Securities").

ARTICLE 4
DIVIDENDS

SECTION 4.1

(a) (i) The Holder shall be entitled to receive, and the Board of Directors shall be required to declare, out of funds legally available for the payment of dividends, dividends (subject to Sections 4(a)(ii) hereof) at the rate of 6% per annum (computed on the basis of a 360-day year) (the "Dividend Rate") on the Liquidation Value (as defined below) of each share of Series A Preferred Stock on and as of the most recent Dividend Payment Due Date (as defined below) with respect to each Dividend Period (as defined below). Dividends on the Series A Preferred Stock shall be cumulative from the date of issue, whether or not declared for any reason, including if such declaration is prohibited under any outstanding indebtedness or borrowings of the Corporation or any of its Subsidiaries, or any other contractual provision binding on the Corporation or any of its Subsidiaries, and whether or not there shall be funds legally available for the payment thereof.

(ii) Each dividend shall be payable in equal quarterly amounts on each March 31, June 30, September 30 and December 31 of each year (each, a "Dividend Payment Due Date"), <PAGE 5> commencing September 30, 1998, to the holders of record of shares of the Series A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on any record date, not more than 60 days or less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors. For the purposes hereof, "Dividend Period" means the quarterly period commending on and including the day after the immediately preceding Dividend Payment Date and ending on and including the immediately subsequent Dividend Payment Date. Accrued and unpaid dividends for any past Dividend Period may be declared and paid at any time, without reference to any Dividend Payment Due Date, to holders of record on such date, not more than 15 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(iii) At the option of the Corporation, the dividend shall be paid in cash or through the issuance of duly and validly authorized and issued, fully paid and nonassessable, freely tradeable shares of the Common Stock valued at the Market Price. The Common Stock to be issued in lieu of cash payments shall be registered for resale in the Registration Statement (as defined in the Registration Rights Agreement) to be filed by the Corporation to register the Common Stock issuable upon conversion of the shares of Series A Preferred Stock and exercise of the Warrants as set forth in the Registration Rights Agreement. Notwithstanding the foregoing, until such Registration Statement (as defined in the Registration Rights Agreement) has been declared effective under the Securities Act by the SEC, payment

of dividends on the Series A Preferred Stock shall be in cash.

(b) The Holder shall not be entitled to any dividends in excess of the cumulative dividends, as herein provided, on the Series A Preferred Stock. Except as provided in this Article 4, no interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

(c) So long as any shares of the Series A Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on Pari Passu Securities for any period unless full cumulative dividends required to be paid in cash have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividend on such class or series of Pari Passu Securities. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series A Preferred Stock and all dividends declared upon any other class or series of Pari Passu Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and accumulated and unpaid on such Pari Passu Securities.

(d) So long as any shares of the Series A Preferred Stock are outstanding, no dividends shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan (including a stock option plan) of the Corporation or any subsidiary, (all such dividends, distributions, redemptions or purchases being hereinafter referred to as a "Junior Securities Distribution") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly, unless in each case (i) the full cumulative dividends required to be paid in cash on all outstanding shares of the Series A Preferred Stock and any other Pari Passu Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Pari Passu Securities, and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and the current dividend period with respect to such Pari Passu Securities.

ARTICLE 5
LIQUIDATION PREFERENCE

SECTION 5.1

(a) If the Corporation shall commence a voluntary case under the Federal bankruptcy laws or any other applicable Federal or State bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws or any other applicable Federal or state bankruptcy, insolvency or similar law resulting in the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the

Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in effect for a period of thirty (30) consecutive days and, on account of any such event, the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up (each such event being considered a "Liquidation Event"), no distribution shall be made to the holders of any shares of capital stock of the Corporation upon liquidation, dissolution or <PAGE 7> winding up unless prior thereto, the holders of shares of Series A Preferred Stock, subject to Article 5, shall have received the Liquidation Preference (as defined in Article 5(c)) with respect to each share. If upon the occurrence of a Liquidation Event, the assets and funds available for distribution among the holders of the Series A Preferred Stock and holders of Pari Passu Securities shall be insufficient to permit the payment to such holders of the preferential amounts payable thereon, then the entire assets and funds of the Corporation legally available for distribution to the Series A Preferred Stock and the Pari Passu Securities shall be distributed ratably among such shares in proportion to the ratio that the Liquidation Preference payable on each such share bears to the aggregate liquidation Preference payable on all such shares.

(b) At the option of each Holder, the sale, conveyance of disposition of all or substantially all of the assets of the Corporation, the effectuation by the Corporation of a transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of, or the consolidation, merger or other business combination of the Corporation with or into any other Person (as defined below) or Persons when the Corporation is not the survivor shall either: (i) be deemed to be a liquidation, dissolution or winding up of the Corporation pursuant to which the Corporation shall be required to distribute, upon consummation of and as a condition to, such transaction an amount equal to one hundred percent (100%) of the Liquidation Preference with respect to each outstanding share of Series A Preferred Stock in accordance with and subject to the terms of this Article 5 or (ii) be treated pursuant to Article 5(c)(iii) hereof; provided, that all holders of Series A Preferred Stock shall be deemed to elect the option set forth in clause (i) hereof if at least a majority in interest of such holders elect such option.

(c) For purposes hereof, the "Liquidation Preference" with respect to a share of the Series A Preferred Stock shall mean an amount equal to the sum of (i) the Stated Value thereof, plus (ii) an amount equal to thirty percent (30%) of such Stated Value, plus (iii) the aggregate of all accrued and unpaid dividends on such share of Series A Preferred Stock until the most recent Dividend Payment Due Date; provided that, in the event of an actual liquidation, dissolution or winding up of the Corporation, the amount referred to in clause (iii) above shall be calculated by including accrued and unpaid dividends to the actual date of such liquidation, dissolution or winding up, rather than the Dividend Payment Due Date referred to above.

ARTICLE 6
CONVERSION OF PREFERRED STOCK

SECTION 6.1 Conversion; Conversion Price. At the option of the Holder, the shares of Preferred Stock may be converted, either in whole or in part, into Common Shares <PAGE 8> (calculated as to each such conversion to the nearest 1/100th of a share), at any time, and from time to time following the date of issuance of the Series A Preferred Stock (the "Issue Date") at a Conversion Price per share of Common Stock equal to the lesser of: (i) _____, or (ii) 85% of the Market Price; provided that any unconverted Series A Preferred Stock remaining one hundred and eighty (180) days after the Closing Date may be converted, at the sole option of the Holder, at a Conversion Price per share of Common Stock equal to 80% of the

Market Price, provided, further, that any unconverted Series A Preferred Stock remaining three hundred and sixty (360) days after the Closing Date may be converted, at the sole option of the Holder, at a Conversion Price per share of Common Stock equal to 78% of the Market Price; provided, however, that the Holder shall not have the right to convert any portion of the Series A Preferred Stock to the extent that the issuance to the Holder of Common Shares upon such conversion would result in the Holder being deemed the "beneficial owner" of 5% or more of the then outstanding Common Shares within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended. At the Corporation's option, the amount of accrued and unpaid dividends as of the Conversion Date shall not be subject to conversion but instead may be paid in cash as of the Conversion Date; if the Corporation elects to convert the amount of accrued and unpaid dividends at the Conversion Date into Common Stock, the Common Stock issued to the Holder shall be valued at the Conversion Price. Notwithstanding the previous sentence, in no event shall the Holder have the right to convert that portion of the Series A Preferred Stock to the extent that the issuance of Common Shares upon the conversion of such Series A Preferred Stock, when combined with shares of Common Stock received upon other conversions of Series A Preferred Stock by such Holder and any other holders of Series A Preferred Stock, would exceed 19.99% of the Common Stock outstanding on the Closing Date. Within ten (10) Business Days after the receipt of the Conversion Notice which upon conversion would, when combined with shares of Common Stock received upon other conversions of Series A Preferred Stock by such Holder and any other holders of Series A Preferred Stock and Warrants, exceed 19.99% of the Common Stock outstanding on the Closing Date, the Corporation shall redeem all remaining outstanding shares of Series A Preferred Stock at one hundred and twenty-five percent (125%) of the Stated Value thereof, together with all accrued and unpaid dividends thereon, in cash, to the date of redemption.

The Holder of the Series A Preferred Stock may exercise its right of conversion of such shares as follows: (i) 33-1/3% of the aggregate number of Series A Preferred Shares issued to the Holder from sixty (60) days after the Closing Date; (ii) 66-2/3% of the aggregate number of Series A Preferred Shares issued to the Holder from ninety (90) days after the Closing Date; and (iii) thereafter, 100% of the aggregate number of Series A Preferred Shares issued to the Holder from one hundred and twenty (120) days after the Closing Date.

The number of shares of Common Stock due upon conversion of Series A Preferred Stock shall be (i) the number of shares of Series A Preferred Stock to be converted, multiplied by (ii) the Stated Value and divided by (iii) the applicable Conversion Price.

Within two (2) Business Days of the occurrence of a Valuation Event, the Corporation shall send notice (the "Valuation Event Notice") of such occurrence to the Holder. Notwithstanding anything to the contrary contained herein, if a Valuation Event occurs during any Valuation Period, a new Valuation Period shall begin on the Trading Day immediately following the occurrence of such Valuation Event and end on the Conversion Date; provided that, if a Valuation Event occurs on the fifth day of any Valuation Period, then the Conversion Price shall be the Current Market Price of the Common Shares on such day; and provided, further, that the Holder may, in its discretion, postpone such Conversion Date to a Trading Day which is no more than five (5) Trading Days after the occurrence of the latest Valuation Event by delivering a notification to the Corporation within two (2) Business Days of the receipt of the Valuation Event Notice. In the event that the Holder deems the Valuation Period to be other than the five (5) Trading Days immediately prior to the Conversion Date, the Holder shall give written notice of such fact to the Corporation in the related Conversion Notice at the time of conversion.

For purposes of this Section 6.1, a "Valuation Event" shall mean an event in which the Corporation at any time during a Valuation Period takes any of the following actions:

(a) subdivides or combines its Capital Shares;

(b) makes any distribution of its Capital Shares;

(c) issues any additional Capital Shares (the "Additional Capital Shares"), otherwise than as provided in the foregoing Sections 6.1(a) and 6.1(b) above, at a price per share less, or for other consideration lower, than the Current Market Price in effect immediately prior to such issuances, or without consideration, except for issuances under employee benefit plans consistent with those presently in effect and issuances under presently outstanding warrants, options or convertible securities;

(d) issues any warrants, options or other rights to subscribe for or purchase any Additional Capital Shares and the price per share for which Additional Capital Shares may at any time thereafter be issuable pursuant to such warrants, options or other rights shall be less than the Current Market Price in effect immediately prior to such issuance;

(e) issues any securities convertible into or exchangeable or exercisable for Capital Shares and the consideration per share for which Additional Capital Shares may <PAGE 10> at any time thereafter be issuable pursuant to the terms of such convertible, exchangeable or exercisable securities shall be less than the Current Market Price in effect immediately prior to such issuance;

(f) makes a distribution of its assets or evidences of indebtedness to the holders of its Capital Shares as a dividend in liquidation or by way of return of capital or other than as a dividend payable out of earnings or surplus legally available for the payment of dividends under applicable law or any distribution to such holders made in respect of the sale of all or substantially all of the Corporation's assets (other than under the circumstances provided for in the foregoing Sections 6.1(a) through 6.1(e)); or

(g) takes any action affecting the number of Outstanding Capital Shares, other than an action described in any of the foregoing Sections 6.1(a) through 6.1(f) hereof, inclusive, which in the opinion of the Corporation's Board of Directors, determined in good faith, would have a material adverse effect upon the rights of the Holder at the time of a conversion of the Preferred Stock.

SECTION 6.2 Exercise of Conversion Privilege.

(a) Conversion of the Series A Preferred Stock may be exercised, in whole or in part, by the Holder by telecopying an executed and completed notice of conversion in the form annexed hereto as Annex I (the "Conversion Notice") to the Corporation. Each date on which a Conversion Notice is telecopied to and received by the Corporation in accordance with the provisions of this Section 6.2 shall constitute a Conversion Date. The Corporation shall convert the Preferred Stock and issue the Common Stock Issued at Conversion effective as of the Conversion Date. The Conversion Notice also shall state the name or names (with addresses) of the persons who are to become the holders of the Common Stock Issued at Conversion in connection with such conversion. The Holder shall deliver the shares of Series A Preferred Stock to the Corporation by express courier within 30 days following the date on which the telecopied Conversion Notice has been transmitted to the Corporation. Upon surrender for conversion, the Preferred Stock shall be accompanied by a proper assignment hereof to the Corporation or be endorsed in blank. As promptly as practicable after the receipt of the Conversion Notice as aforesaid, but in any event

not more than seven (7) Business Days after the Corporation's receipt of such Conversion Notice, the Corporation shall (i) issue the Common Stock issued at Conversion in accordance with the provisions of this Article 6, and (ii) cause to be mailed for delivery by overnight courier to the Holder (X) a certificate or certificate(s) representing the number of Common Shares to which the Holder is entitled by virtue of such conversion, (Y) cash, as provided in Section 6.3, in respect of any fraction of a Share issuable upon such conversion and (Z) cash in the amount of accrued and unpaid dividends as of the <PAGE 11> Conversion Date. Such conversion shall be deemed to have been effected at the time at which the Conversion Notice indicates so long as the Preferred Stock shall have been surrendered as aforesaid at such time, and at such time the rights of the Holder of the Preferred Stock, as such, shall cease and the Person and Persons in whose name or names the Common Stock Issued at Conversion shall be issuable shall be deemed to have become the holder or holders of record of the Common Shares represented thereby. The Conversion Notice shall constitute a contract between the Holder and the Corporation, whereby the Holder shall be deemed to subscribe for the number of Common Shares which it will be entitled to receive upon such conversion and, in payment and satisfaction of such subscription (and for any cash adjustment to which it is entitled pursuant to Section 6.4), to surrender the Preferred Stock and to release the Corporation from all liability thereon. No cash payment aggregating less than $1.00 shall be required to be given unless specifically requested by the Holder.

(b) If, at any time (i) the Corporation challenges, disputes or denies the right of the Holder hereof to effect the conversion of the Preferred Stock into Common Shares or otherwise dishonors or rejects any Conversion Notice delivered in accordance with this Section 6.2 or (ii) any third party who is not and has never been an Affiliate of the Holder commences any lawsuit or proceeding or otherwise asserts any claim before any court or public or governmental authority which seeks to challenge, deny, enjoin, limit, modify, delay or dispute the right of the Holder hereof to effect the conversion of the Preferred Stock into Common Shares, then the Holder shall have the right, by written notice to the Corporation, to require the Corporation to promptly redeem the Series A Preferred Stock for cash at a redemption price equal to one hundred and twenty percent (120%) of the Stated Value thereof together with all accrued and unpaid dividends thereon (the "Mandatory Purchase Amount"). Under any of the circumstances set forth above, the Corporation shall be responsible for the payment of all costs and expenses of the Holder, including reasonable legal fees and expenses, as and when incurred in disputing any such action or pursuing its rights hereunder (in addition to any other rights of the Holder).

SECTION 6.3 Fractional Shares. No fractional Common Shares or scrip representing fractional Common Shares shall be issued upon conversion of the Series A Preferred Stock. Instead of any fractional Common Shares which otherwise would be issuable upon conversion of the Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction. No cash payment of less than $1.00 shall be required to be given unless specifically requested by the Holder.

SECTION 6.4 Reclassification, Consolidation, Merger or Mandatory Share Exchange. At any time while the Series A Preferred Stock remains outstanding and any shares thereof has <PAGE 12> not been converted, in case of any reclassification or change of Outstanding Common Shares issuable upon conversion of the Series A Preferred Stock (other than a change in par value, or from par value to no par value per share, or from no par value per share to par value or as a result of a subdivision or combination of outstanding securities issuable upon conversion of the Series A Preferred Stock) or in case of any consolidation, merger or mandatory share exchange of the Corporation with or

into another corporation (other dm a merger or mandatory share exchange with another corporation in which the Corporation is a continuing corporation and which does not result in any reclassification or change, other than a change in par value, or from par value to no par value per share, or from no par value per share to par value, or as a result of a subdivision or combination of Outstanding Common Shares upon conversion of the Series A Preferred Stock), or in the case of any sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety, the Corporation, or such successor, resulting or purchasing corporation, as the case may be, shall, without payment of any additional consideration therefor, execute a new Series A Preferred Stock providing that the Holder shall have the right to convert such new Series A Preferred Stock (upon terms and conditions not less favorable to the Holder than those in effect pursuant to the Series A Preferred Stock) and to receive upon such exercise, in lieu of each Common Share theretofore issuable upon conversion of the Series A Preferred Stock, the kind and amount of shares of stock, other securities, money or property receivable upon such reclassification, change, consolidation, merger, mandatory share exchange, sale or transfer by the holder of one Common Share issuable upon conversion of the Series A Preferred Stock had the Series A Preferred Stock been converted immediately prior to such reclassification, change, consolidation, merger, mandatory share exchange or sale or transfer. The provisions of this Section 6.4 shall similarly apply to successive reclassifications, changes, consolidations, mergers, mandatory share exchanges and sales and transfers.

SECTION 6.5 Adjustments to Conversion Ratio. For so long as any shares of the Series A Preferred Stock are outstanding, if the Corporation (i) issues and sells pursuant to an exemption from registration under the Securities Act (A) Common Shares at a purchase price on the date of issuance thereof that is lower than the Conversion Price, (B) warrants or options with an exercise price representing a percentage of the Current Market Price with an exercise price on the date of issuance of the warrants or options that is lower than the agreed upon exercise price for the Holder, except for employee stock option agreements or stock incentive agreements of the Corporation, or (C) convertible, exchangeable or exercisable securities with a right to exchange at lower than the Current Market Price on the date of issuance or conversion, as applicable, of such convertible, exchangeable or exercisable securities, except for stock option agreements or stock incentive agreements; and (ii) grants the right to the purchaser(s) thereof <PAGE 13> to demand that the Corporation register under the Securities Act such Common Shares issued or the Common Shares for which such warrants or options may be exercised or such convertible, exchangeable or exercisable securities may be converted, exercised or exchanged, then the Conversion Ratio shall be reduced to equal the lowest of any such lower rates.

SECTION 6.6 Optional Redemption Under Certain Circumstances. At anytime after the date of issuance of the Series A Preferred Stock until the Mandatory Conversion Date (as defined below), the Corporation, upon notice delivered to the Holder as provided in Section 6.7, may redeem, in cash, the Series A Preferred Stock (but only with respect to such shares as to which the Holder has not theretofore furnished a Conversion Notice in compliance with Section 6.2), at one hundred and fifteen (115%) of the Stated Value thereof (the "Optional Redemption Price"), together with all accrued and unpaid dividends thereon to the date of redemption (the "Redemption Date").

SECTION 6.7 Notice of Redemption. Notice of redemption pursuant to Section 6.6 shall be provided by the Corporation to the Holder in writing (by registered mail or overnight courier at the Holder's last address appearing in the Corporation's security registry) not less than ten (10) nor more than fifteen (15) days prior to the Redemption Date, which notice

shall specify the Redemption Date and refer to Section 6.6 (including, a statement of the Market Price per Common Share) and this Section 6.7.

SECTION 6.8 Surrender of Preferred Stock. Upon any redemption of the Series A Preferred Stock pursuant to Sections 6.6 or 6.7, the Holder shall either deliver the Series A Preferred Stock by hand to the Corporation at its principal executive offices or surrender the same to the Corporation at such address by express courier. Payment of the optional Redemption Price specified in Section 6.6 shall be made by the Corporation to the Holder against receipt of the Series A Preferred Stock (as provided in this Section 6.8) by wire transfer of immediately available funds to such account(s) as the Holder shall specify to the Corporation. If payment of such redemption price is not made in full by the Mandatory Redemption Date or the Redemption Date, as the case may be, the Holder shall again have the right to convert the Series A Preferred Stock as provided in Article 6 hereof.

SECTION 6.9 Mandatory Conversion. On the second anniversary of the date of this Agreement (the "Mandatory Conversion Date"), the Corporation shall convert all Series A Preferred Stock outstanding at the Conversion Price. Notwithstanding the previous sentence, in no event shall the Corporation convert that portion of the Series A Preferred Stock to the extent that the issuance of Common Shares upon the conversion of such Series A Preferred Stock, when combined with shares of Common Stock received upon other conversions of <PAGE 14> Series A Preferred Stock by such Holder and any other holders of Series A Preferred Stock and Warrants, would exceed 19.99% of the Common Stock outstanding on the Closing Date. Within ten (10) Business Days after the Mandatory Conversion Date, the Corporation shall redeem all remaining outstanding Series A Preferred Stock at one hundred and thirty-five percent (135%) of the Stated Value thereof, together with all accrued and unpaid dividends thereon, in cash, to the date of redemption.

ARTICLE 7
VOTING RIGHTS

The holders of the Series A Preferred Stock have no voting power, except as otherwise provided by the New Jersey Business Corporation Law ("NJBCL"), in this Article 7, and in Article 8 below.

Notwithstanding the above, the Corporation shall provide each holder of Series A Preferred Stock with prior notification of any meeting of the shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Corporation of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any proposed liquidation, dissolution or winding up of the Corporation, the Corporation shall mail a notice to each holder, at least thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such acting is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time.

To the extent that under the NJBCL the vote of the holders of the Series A Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series A

Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series A Preferred Stock (except as otherwise may be required under the NJBCL) shall constitute the approval of such action by the class. To the extent that under the NJBCL holders of the Series A Preferred Stock are entitled to vote on a matter with holders of Common Stock, voting together as one class, each share of Series A Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which it is then convertible using the record date for the taking of such vote of shareholders as the date as of which the Conversion <PAGE 15> Price is calculated. Holders of the Series A Preferred Stock shall be entitled to notice of all shareholder meetings or written consents (and copies of proxy materials and other information sent to shareholders) with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and the NJBCL.

ARTICLE 8
PROTECTIVE PROVISIONS

So long as shares of Series A Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by the NJBCL) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock:

(a) alter or change the rights, preferences or privileges of the Series A Preferred Stock;

(b) create any new class or series of capital stock having a preference over the Series A Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Corporation ("Senior Securities") or alter or change the rights, preferences or privileges of any Senior Securities so as to affect adversely the Series A Preferred Stock;

(c) increase the authorized number of shares of Series A Preferred Stock; or

(d) do any act or thing not authorized or contemplated by this Certificate of Amendment which would result in taxation of the holders of shares of the Series A Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended).

In the event holders of at least a majority of the then outstanding shares of Series A Preferred Stock agree to allow the Corporation to alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock, pursuant to subsection (a) above, so as to affect the Series A Preferred Stock, then the Corporation will deliver notice of such approved change to the holders of the Series A Preferred Stock that did not agree to such alteration or change (the "Dissenting Holders") and Dissenting Holders shall have the right for a period of thirty (30) days to convert pursuant to the terms of this Certificate of Amendment as they exist prior to such alteration or change or continue to hold their shares of Series A Preferred Stock.

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ARTICLE 9
MISCELLANEOUS

SECTION 9.1 Loss, Theft, Destruction of Preferred Stock. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of shares of Series A Preferred Stock and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security reasonably satisfactory to the Corporation, or, in the case of any such mutilation, upon surrender and cancellation of the Series A Preferred Stock, the Corporation shall make, issue and deliver, in lieu of such lost, stolen, destroyed or mutilated shares of

Series A Preferred Stock, new shares of Series A Preferred Stock of like tenor. The Series A Preferred Stock shall be held and owned upon the express condition that the provisions of this Section 9.1 are exclusive with respect to the replacement of mutilated, destroyed, lost or stolen shares of Series A Preferred Stock and shall preclude any and all other rights and remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without the surrender thereof.

SECTION 9.2 Who Deemed Absolute Owner. The Corporation may deem the Person in whose name the Series A Preferred Stock shall be registered upon the registry books of the Corporation to be, and may treat it as, the absolute owner of the Series A Preferred Stock for the purpose of receiving payment of dividends on the Series A Preferred Stock, for the conversion of the Series A Preferred Stock and for all other purposes, and the Corporation shall not be affected by any notice to the contrary. All such payments and such conversion shall be valid and effectual to satisfy and discharge the liability upon the Series A Preferred Stock to the extent of the sum or sums so paid or the conversion so made.

SECTION 9.3 Notice of Certain Events. In the case of the occurrence of any event described in Sections 6.1, 6.6 or 6.7 of this Certificate of Amendment, the Corporation shall cause to be mailed to the Holder of the Series A Preferred Stock at its last address as it appears in the Corporation's security registry, at least twenty (20) days prior to the applicable record, effective or expiration date hereinafter specified (or, if such twenty (20) days notice is not possible, at the earliest possible date prior to any such record, effective or expiration date), a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, issuance or granting of rights, options or warrants, or if a record is not to be taken, the date as of which the holders of record of Series A Preferred Stock to be entitled to such dividend, distribution, issuance or granting of rights, options or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of record of Series A Preferred <PAGE 17> Stock will be entitled to exchange their shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale transfer, dissolution, liquidation or winding-up.

SECTION 9.4 Register. The Corporation shall keep at its principal office a register in which the Corporation shall provide for the registration of the Series A Preferred Stock. Upon any transfer of the Series A Preferred Stock in accordance with the provisions hereof, the Corporation shall register such transfer on the Series A Preferred Stock register.

The Corporation may deem the person in whose name the Series A Preferred Stock shall be registered upon the registry books of the Corporation to be, and may treat it as, the absolute owner of the Series A Preferred Stock for the purpose of receiving payment of dividends on the Series A Preferred Stock, for the conversion of the Series A Preferred Stock and for all other purposes, and the Corporation shall not be affected by any notice to the contrary. All such payments and such conversions shall be valid and effective to satisfy and discharge the liability upon the Series A Preferred Stock to the extent of the sum or sums so paid or the conversion or conversions so made.

SECTION 9.5 Withholding. To the extent required by applicable law, the Corporation may withhold amounts for or on account of any taxes imposed or levied by or on behalf of any taxing authority in the United States having jurisdiction over the Corporation from any payments made pursuant to the Series A Prefer-red Stock.

SECTION 9.6 Headings. The headings of the Articles and Sections of this Certificate of Amendment are inserted for convenience only and do not constitute a part of this Certificate of Amendment.

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ANNEX I

FORM OF CONVERSION NOTICE

TO: _____
_____
_____

The undersigned owner of this Series A 6% Convertible Preferred Stock (the "Series A Preferred Stock") issued by DynamicWeb Enterprises, Inc. (the "Corporation") hereby irrevocably exercises its option to convert shares of the Series A Preferred Stock into _____ shares of the common stock, $0.0001 par value, of the Corporation ("Common Stock"), in accordance with the terms of the Certificate of Amendment. The undersigned hereby instructs the Corporation to convert the number of shares of the Series A Preferred Stock specified above int Shares of Common Stock Issued at Conversion in accordance with the provisions of Article 6 of the Certificate of Amendment. The undersigned directs that the Common Stock issuable and certificates therefor deliverable upon conversion, the Series A Preferred Stock recertificated, if any, not being surrendered for conversion hereby, together with any check in payment for fractional Common Stock, be issued in the name of and delivered to the undersigned unless a different name has been indicated below. All capitalized terms used and not defined herein have the respective meanings assigned to them in the Certificate of Amendment.

Dated:_____

_____
Signature

Fill in for registration of Series A Preferred Stock:

Please print name and address (including zip code number):

_____
_____

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EXHIBIT 5.1

November 16, 1998

Board of Directors
DynamicWeb Enterprises, Inc.
71 Route 46 West
Building F, Suite 209
Fairfield, New Jersey 07004

Re: Registration Statement on Form S-2 (SEC File No. 333-35579)

Gentlemen:

In connection with the proposed offering by DynamicWeb Enterprises, Inc. (the "Company") of up to 1,039,872 shares of the Company's common stock, par value $.0001 per share (the "Common Stock"), covered by the Company's Registration Statement on Form S-2 (the "Registration Statement") which was filed on the date of this letter, we, as counsel to the Company, have reviewed:

1. the Articles of Incorporation of the Company;

2. the Bylaws of the Company;

3. the minute books of the Company;

4. a Corporate Good Standing Certificate, dated November 13, 1998, issued by the Secretary of the State of New Jersey, with respect to the Company; and

5. the Registration Statement.

Based upon our review of such documents, it is our opinion that:

1. The Company has been duly incorporated under the laws for the State of New Jersey and is validly existing and in good standing under the laws of such State.

2. The 1,039,872 shares of Common Stock covered by the Registration Statement have been duly authorized and, when issued and sold for cash pursuant to the terms described in the Registration Statement, will be legally issued by the Company and fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement, and to the reference to us under the heading "Legal Matters" in the Related Prospectus. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of <PAGE 1> the Securities Act of 1933, as amended, or the Rules and Regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

STEVENS & LEE

/s/ Stephen F. Ritner
Stephen F. Ritner <PAGE 2>