SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2000; or

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____________ to ____________.

Commission File Number 10039

eB2B COMMERCE, INC.
(Name of Small Business Issuer in its Charter)

<TABLE>

<S>	<C>
New Jersey	22-2267658
(State or Other Juris-diction of Incorporation)	(I.R.S. Employer Identification No.)

</TABLE>

757 Third Avenue
New York, NY 10017
(Address of Principal Executive Offices)

Registrant's Telephone Number: (212) 703-2000

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $.0001 per share
(Title of Class)

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

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

Issuer's revenues for fiscal year ended December 31, 2000: $5,468,000.

As of April 9, 2001, the aggregate market value of our company's common stock (based upon the average sales prices on such date) of the Registrant held by nonaffiliates was $10,547,000.

Number of shares of our company's common stock outstanding at April 9, 2001: 15,687,212.

Transitional Small Business Disclosure Format: Yes _____ No X_____

PART I

Item 1. Description of Business

General

eB2B Commerce, Inc. ("our Company") utilizes proprietary software to provide services that create more efficient business relationships between trading

partners (i.e. buyers and suppliers). Our technology platform allows trading partners to electronically automate the process of business document communication and turn-around, regardless of what type of computer system the partners utilize. Through our service offerings, our technology platform has the capability of receiving business documents in any technology format, translating the document into any other format readable by the respective trading partners and transmits the document to the respective trading partner. We do not allow our customers to take delivery of our proprietary software. We provide access via the Internet to our proprietary software, which we maintain on our hardware and on hosted hardware.

The business relationship between a buyer and a supplier is not created within our platform; it is one which already exists. Our services enhance the previously existing relationship as documents can be transmitted between a buyer and a supplier in an electronic automated format utilizing our technology platform. These documents include, but are not limited to, purchase orders, purchase order acknowledgments, advanced shipping notices and invoices. Our customers utilize our services for business documents primarily in the direct goods area, which encompasses purchasing of finished goods for ultimate sale to an end user, be that a consumer or a business.

In many cases the automation of the exchange of business documents is occurring between a large buyer or supplier and their smaller trading partners. In the past, these trading partners communicated with each other via phone, fax or mail. Our services permit efficiencies among trading partners by significantly reducing or eliminating the process of manual communications. This electronic automation allows each trading partner to leverage their investment in technology (hardware and software) by integrating business document transactions directly into their back-end systems. These technologies include, but are not limited to, Electronic Data Interchange ("EDI"), Point of Sale, Enterprise Resource Planning, Accounting, Inventory, Supply Chain and/or Order Management. The resulting efficiencies often reduce cost of staffing and cuts error rates typically associated with manual processing of the respective business documents.

In addition to the integration and automation capabilities of our services, buyers and suppliers can also exchange documents and conduct business via a catalog-based environment. This environment supports the needs of both buyer and supplier throughout the trading life cycle. These include requisitions, order management, fulfillment and settlement. This is especially useful to support the trading needs of specific business partners in order to ensure products are ordered and delivered in the most efficient and least expensive means available.

Our Company also provides professional services to the same client base, as well as to businesses that wish to build, operate or outsource the transaction management of their business-to-business trading partner relationships and infrastructure.

In addition, our Company provides authorized technical education, and also designs and delivers custom computer and Internet-based on-line training seminars.

History and Organization

eB2B Commerce, Inc. ("eB2B") was incorporated in the state of Delaware on November 6, 1998.

On February 22, 2000, eB2B completed its acquisition of Netlan Enterprises, Inc. and subsidiaries ("Netlan").

On April 18, 2000, eB2B merged with and into DynamicWeb Enterprises, Inc., a New Jersey corporation and an SEC registrant ("DWeb"), with the surviving company using the name "eB2B Commerce, Inc." (the "Company"). Pursuant to the Agreement and Plan of Merger between eB2B and Dweb (the "Merger"), the shareholders of DWeb retained their shares in DWeb, while the shareholders of eB2B received shares, or securities convertible into shares, of common stock of DWeb representing approximately 89% of the equity of the Company, on a fully diluted basis.

The transaction was accounted for as a reverse acquisition, a "purchase business combination" in which eB2B was the accounting acquirer and DWeb was the legal acquirer. The management of eB2B remained the management of the Company. As a result of the reverse acquisition, (i) the financial statements of eB2B are the historical financial statements of the Company; (ii) the results of the Company's operations include the results of DWeb after the date of the Merger;

(iii) the acquired assets and assumed liabilities of DWeb were recorded at their estimated fair market value at the date of the Merger; (iv) all references to the financial statements of the "Company" apply to the historical financial statements of eB2B prior to the Merger and to the consolidated financial statements of the Company subsequent to the Merger; (v) any reference to eB2B applies solely to eB2B Commerce, Inc., a Delaware corporation, and its financial statements prior to the Merger, and (vi) the Company's year-end is December 31, that of the accounting acquirer, eB2B.

Industry Background

Businesses are increasingly seeking to improve their operating efficiency with other businesses through electronically automated and integrated business to business solutions. EDI is a specific form of business to business electronic commerce, consisting of a standard protocol for electronic transmission of data between a company and a third

party. EDI has existed for over twenty years. It is a very expensive technology to both implement and maintain and is, therefore, typically utilized by the largest companies. In an EDI transaction, the computers of the buyer and the supplier communicate and exchange the relevant information using an agreed-upon or standard format. Until very recently, companies that wanted to conduct business electronically were required to have a special type of computer network called a value-added computer network or "VAN". For a significant fee, a VAN, often managed by a separate third party, was responsible for the guaranteed exchange of business documents between trading partners.

The emergence of the Internet as an alternative means of managing the transactional flow of business to business document exchange has revolutionized the way businesses operate and interact with their trading partners. The Internet coupled with a new breed of software solutions has created technology that supports highly efficient channels of communication and collaboration. The Internet gives small and medium-sized buyers and suppliers access to the same efficiencies associated with traditional EDI systems. In addition, the combination of the Internet and these new software technologies enables buyers and suppliers of all sizes to electronically exchange business documents and interact with a greater number of potential trading partners.

Business Overview

Our Company utilizes proprietary software to provide a technology platform for large buyers and large suppliers to transfer business documents via the Internet to their small and medium-sized trading partners. These documents include, but are not limited to, purchase orders, purchase order acknowledgements, advanced shipping notices and invoices. We do not allow our customers to take delivery of our proprietary software. We provide access via the Internet to our proprietary software, which we maintain on our hardware and on hosted hardware.

Our technology platform has the capability of integrating trading partners, electronically automating the exchange of business documents between trading partners and supporting the collaboration of information across an enterprise's trading partner community. Integration encompasses the ability to translate documents from the buyer's required format to the supplier's required format (or vice versa). This "any to any" capability insures each organization is able to leverage their existing technology environment while supporting the specific needs of their trading partners. Automation allows trading partners to communicate with each other regardless of the type of computer system, hardware and software, each partner is utilizing. Collaboration supports the ability for trading partners to not only exchange business documents but unlock the potential the information these business documents provide. This includes, for example, product movement information and vendor performance.

Many large retailers and large suppliers transfer business documents between each other via EDI. Our platform, utilizing the Internet as a delivery mechanism, allows these large

EDI enabled companies to transfer documents to companies that are otherwise not EDI capable. Additionally, our services permit the transmission of documents between two trading partners even when neither is EDI capable.

We estimate that currently only 4% of all transactions between businesses in the United States of America are done with document transfer via EDI. The other 96% of transactions and the related transfer of documents are conducted via phone, fax and mail. This is our target market. Our Company provides services to automate currently existing business relationships. The simplicity of doing electronic automated transactions using our services can help create additional business among the trading partners, but it is not intended as a marketplace solution in that we do not intend to create new relationships for trading partners through our technology platform.

Our Company is positioned to utilize the Internet to streamline business processes related to transmitting documents from one business to another. Utilizing our hosted infrastructure as their technology platform, companies previously unable to afford the high cost and complexity of doing business with EDI, can now electronically transact business among their trading partners in a more simple, cost effective manner. The benefits of this approach - integration, automation and collaboration - allow companies utilizing our services to trade more efficiently, accurately and inexpensively while complying with the trading requirements of their partners.

Large EDI enabled retailers can utilize our services as a means to electronically communicate and transfer business documents to their small and medium-sized suppliers. Likewise, large EDI enabled suppliers can utilize our services to electronically communicate and transfer business documents to their small and medium-sized retailers. Small and medium-sized retailers and suppliers can transfer business documents even when neither party is EDI enabled. Utilizing our services reduces manual processing costs from each organization, thereby creating efficiencies for both trading partners, as this method of transferring business documents is much less time consuming than transactions conducted through the phone, fax or mail. Additionally, our technology platform significantly reduces error rates normally associated with the processing of manual documents.

Our Company also offers professional services, which provide consulting expertise to the same client base, as well as to other businesses that prefer to operate or outsource the transaction management and document exchange of their business-to-business relationships. As such, our consultants could reside at a large EDI enabled retailer or supplier with the objective of providing EDI expertise that does not exist on-site.

Our transaction processing technology platform and professional services make up one business unit defined as "transaction processing and related services."

We believe that our proprietary software provides the following advantages to trading partners:

Benefit to Suppliers

- Significant reduction in order processing costs
- Reduced customer service costs
- Ability to support the transactional and other requirements of their trading partners
- Increased inventory turnover and order-to-delivery cycle time
- Up-sell and cross-sell opportunities
- Supplier-buyer demand collaboration
- Improved purchasing history and buying pattern information
- Increased ability to project demand cycles
- Access to broader buying community
- Improved customer service

Benefit to Buyers

- Significant reduction in order management costs
- Substantially more convenient and efficient ordering
- Ability to support the transactional and other trading requirements of their trading partners
- Real-time information exchange, with access order status, shipment timing and inventory availability
- Improved product information via online catalog access
- Faster delivery and increased inventory turns

- Significant reduction in order error rates
- Buyer-supplier demand collaboration
- Access to broader base of suppliers

Our Company provides a complete solution, tailored for each customer and designed specifically for their business processes. By leveraging our expertise in EDI, business to business transaction management and document exchange, application development, and Internet networking, our Company is able to provide a suite of services that facilitate the transfer of business documents among trading partners. Customers can use our services not only to electronically send business documents to each other, but also to achieve demand chain transparency by having access, as appropriate, to their trading partners data systems via our proprietary software. Customers of any size or capability can communicate, exchange documents and transact business with their trading partners regardless of the type of integration, connectivity or data format. The ability for each trading partner to both leverage their existing investment in technology (hardware and software) while supporting the requirements of their trading partners is an important cost saving feature.

Our services integrate the entire trading process, from requisition to order management, to fulfillment and settlement. Automated transaction management across the trading lifecycle supports the synchronization of product movements through the demand chain. The higher efficiencies and cost savings are quantifiable to both sides of the trading equation.

Our Company is also an authorized provider of technical education to our clients for products of Citrix, Lotus Development Corporation, Microsoft Corporation, and Novell Inc. We design and deliver custom technical education for the same client base and provide education through delivery of custom computer and Internet-based on-line training seminars. This is our second business unit defined as "training and client educational services".

Markets and Marketing

The marketing goals of transaction processing and related services have been to attract and retain buyers and suppliers principally in the following vertical industries:

- Chain Drug,
- Sporting Goods,
- Toys.

These sizeable industries are characterized by certain operating inefficiencies. Management believes that increasing margin pressures, a need to increase technological sophistication, and a low or average penetration of EDI make these industries attractive vertical markets for their transaction processing and related services.

While our sales focus is primarily directed toward specific targeted vertical markets, our proprietary software was built to operate across many verticals (a horizontal focus) without requiring significant enhancements. This will allow us to more easily expand into additional vertical markets in the future.

Key clients in the chain drug vertical include Rite Aid, Duane Reade, Eckerd, Brooks Pharmacy, Drug Fair and Phar-Mor. In the sporting goods vertical, major customers include Spalding, Athlete's Foot, Bike Athletic, Golf Galaxy and Carbite Golf. In the toys vertical, our Company's main customer is Toys R US. Additionally we have attracted other large customers, including Verizon, Best Buy and Linens `N Things, which use our transaction processing and related services.

We market and sell our services through a direct sales force in the United States of America. To extend our vertical market reach and increase sales opportunities in the vertical industries we have selected, we participate in national trade shows and establish relationships with trading partners.

We anticipate that alliances with technology firms and other partnerships will continue to be integral to our success. To continue to bring the best solution to market, we plan on further technology partnerships that extend our core solutions including reseller and other relationships. In order to leverage our current direct sales force and add new revenue streams, we also expect to establish alliances with other firms that have an established presence in our vertical markets. Likely companies for us to partner with would include software and services firms in our vertical markets and associations that play a key role in

influencing buying behavior. For example, joint marketing or sales programs with alliance partners would be intended to gain access to several large buyers, enabling our Company to add connections to many of their small and medium-sized suppliers.

Current partnering examples include the National Association of Chain Drug Stores alliance completed in 2000 and the February 2001 announcement with PangeaToyNet.com, a toy community. ChainDrugStore.net, the for-profit subsidiary of the National Association of Chain Drug Stores, co-markets our services to its membership base. The PangeaToyNet.com alliance provides for joint marketing efforts with our Company and offering of our services to its membership base of toy retailers and suppliers.

As of December 31, 2000, our Company connected approximately 150 retail organizations and 1,600 supply organizations to their trading partners. As of April 1, 2001, our Company is processing in excess of 500,000 transactions per quarter.

Major training and educational services' customers include AOL Time Warner, Chase Manhattan Bank, PricewaterhouseCoopers and Teachers' Insurance - TIAA - CREF.

In the year ended December 31, 2000, one customer accounted for approximately 17% of our Company's total revenue.

Revenue Recognition

The Company earns revenue from two business units: (1) transaction processing and related services; and (2) training and client educational services.

Revenue from transaction processing is recognized on a per transaction basis when a transaction occurs between a buyer and a supplier. The fee is based either on the volume of transactions processed during a specific period, typically one month, or calculated as a percentage of the dollar volume of the purchase related to the documents transmitted during a similar period. Revenue from related implementation, if any, and monthly hosting fees are recognized on a straight-line basis over the term of the contract with the customer. Deferred income includes amounts billed for implementation and hosting fees, which have not been earned.

Our Company does not generate revenue from the selling, leasing or licensing of computer software. We provide access via the Internet to our proprietary software, which resides within our technology platform.

For related consulting arrangements on a time-and-materials basis, revenue is recognized as services are performed and costs are incurred in accordance with the billing terms of the contract.

Revenues from related fixed price consulting arrangements are recognized using the percentage-of-completion method. Progress towards completion is measured using efforts-expended method based upon management estimates. Fixed price consulting arrangements are mainly short-term in nature and our Company does not have a history of incurring losses on these types of contracts. If we were to incur a loss, a provision for the estimated loss on the uncompleted contract would be recognized in the period in which such loss becomes probable and estimable. Billings in excess of revenue recognized under the percentage-of-completion method on fixed price contracts is included in deferred income.

Revenue from training and client educational services is recognized upon the completion of the seminar and is based upon class attendance. If a seminar begins in one period and is completed in the next period, our Company recognizes revenue based on the percentage of completion method for the applicable period. Deferred income includes amounts billed for training seminars and classes that have not been completed.

Competition

Business-to-business electronic commerce is a new and rapidly evolving industry, competition is intense and is expected to increase in the future. Management believes that our Company provides a unique service in the business-to-business electronic commerce area, where a small to medium-sized retailer can process transactions with multiple suppliers, and small to medium-sized suppliers can process transactions with multiple retailers.

Our Company's direct competition falls into two general categories: direct vertical and indirect horizontal competitors. Direct vertical competitors are focused on the demand chain in the Company's vertical markets. Indirect horizontal competitors are focused on similar products but not in specific or multiple vertical industries. The Company's major direct vertical competitors are iCongo.com and Channel-Sports. Major indirect horizontal competitors include Automated Data Exchange (ADX) (formerly known as The EC Company) and SPS Commerce. All competitors are privately held businesses and minimal public information is available on their efforts to date.

Also, our Company believes that competition may develop from four additional areas: EDI/electronic commerce companies, technology/software development companies, retailer purchasing organizations, and leading industry manufacturers. Additionally, large retailers and suppliers can create their own technology platform to automate the exchange of business documents with their small and medium-sized trading partners, thereby reducing the number of large retailers and suppliers in our target markets. However, our Company believes it will prove to be an inefficient use of resources for these large

companies to build a technology platform for their internal use as compared to using our services.

Intellectual Property

Our Company's success depends on its ability to maintain the proprietary aspects of its technology and operate without infringing the proprietary rights of others. It relies on a combination of trademarks, patents, trade secrets and copyright law, as well as contractual restrictions, to protect the proprietary aspects of its technology. Our Company seeks to protect the source code for its proprietary software, documentation and other written materials under trade secret and copyright law.

Our Company also seeks to protect its intellectual property by requiring employees and consultants with access to proprietary information to execute confidentiality agreements with our Company and by restricting access to its source code.

Due to rapid technological change, management believes that factors such as the technological and creative skills of its personnel and consultants, new product developments and enhancements to existing services are equally as important as the various legal protections of its technology to establish and maintain a technology leadership position.

Government Regulation

Our Company's services enable buyers and suppliers to transmit documents to their trading partners over dedicated and public telephone lines. These transmissions are governed by regulatory policies establishing charges and terms for communications. Management believes that our Company is in compliance with applicable regulations.

In addition, due to the increasing popularity and use of the Internet, our Company might be subject to increased regulation. Such laws may regulate issues such as user privacy, defamation, network access, pricing, taxation, content, quality of products and services, and intellectual property and infringement. These laws could expose our Company to liability, materially increase the cost of providing services, and decrease the growth and acceptance of the Internet in general, and access to the Internet over cable systems.

Product Development

Our Company's product development efforts for our proprietary software are directed toward the development of new complementary services and the enhancement and expansion of the capabilities of existing services. Product development expenses (exclusive of stock-based compensation) were approximately

$2,698,000 and $572,000 for the years ended December 31, 2000 and 1999, respectively. During the year ended December 31, 1999,

eB2B abandoned the use of the product development expenditures capitalized at December 31, 1998, and recorded a $174,000 write-down.

Our Company continues to make the product development expenditures that management believes are necessary to rapidly deliver new features and functions. As of December 31, 2000, 6 employees were engaged in product development activities. In addition, based on its specific needs to rapidly deliver new features and functions, our Company hires consultants who take part in product development activities.

Personnel

As of December 31, 2000, our Company employed 79 full-time employees and 3 part-time employees. Many of our Company's employees are highly skilled, with advanced degrees. Our Company's continued success depends upon its ability to continue to attract and retain highly skilled employees. Our Company has never had a work stoppage, and none of its employees are represented by a labor organization. Our Company considers its employee relations to be good.

Item 2. Description of Property

Our Company operates out of two offices in New York, New York. The following table sets forth information on our Company's properties:

Principal Address	Square Footage	Owned/Leased	Purpose
757 Third Avenue New York, NY 10017	22,600	Leased	Corporate Headquarters & Technology Center
29 West 38th Street New York, NY 10018	6,400	Leased	Training Center

The lease for our premises at 757 Third Avenue expires in April 2007.

Item 3. Legal Proceedings

In October 2000, Cintra Software & Services Inc. ("Cintra") commenced a civil action against the Company in New York Supreme Court, New York County. The complaint alleges that the Company acquired certain software from Cintra upon the authorization of the Company's former Chief Information Officer. Cintra is seeking damages of approximately $856,000. While the actions are at an early stage, the Company believes it has meritorious defenses to the allegations made in the complaint and intends to vigorously defend the action.

On March 2, 2001, a former employee commenced a civil action against the Company and two members of its management in the Supreme Court of the State of New York, County of New York, seeking, among other things, compensatory damages in the amount of $1.0 million and additional punitive damages of $1.0 million for alleged defamation in connection with his termination by the Company, as well as a declaratory judgment concerning his alleged entitlement to stock options to purchase 75,000 shares of the Company's common stock. The Company has not yet responded to the Complaint and no discovery has commenced. The Company disputes these claims and intends to vigorously defend the action.

The Company is not currently a party to any other material legal proceeding.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the Company's stockholders, through the solicitation of proxies or otherwise, during the fourth quarter of fiscal year 2000.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's common stock has been quoted on the Nasdaq SmallCap Market under the symbol "EBTB" since August 15, 2000. Prior to such time, the Company's common stock was quoted on the Over-the-Counter Bulletin Board maintained by the National Association of Securities Dealers. The volume of trading in the Company's common stock has been limited during the period presented until August 15, 2000, the date the Nasdaq SmallCap Market began quoting our common stock and the closing sale prices reported may not be indicative of the value of the Company's common stock or the existence of an active trading market prior to such date.

The following table sets forth the high and low closing sale prices for the Company's common stock for the periods indicated:

<TABLE>
<CAPTION>

Quarter Ended	High	Low
<S>	<C>	<C>
March 31, 1999...	9-3/8	3-3/8
June 30, 1999..	9	5-1/4
September 30, 1999...	6	3-9/16
December 31, 1999..	16	2-15/16
March 31, 2000...	18-1/2	9-7/8
June 30, 2000..	14	3-1/4
September 30, 2000...	5-7/16	2-1/16
December 31, 2000..	2-5/32	45/64

</TABLE>

As of March 30, 2001, the Company had approximately 3,000 stockholders of record.

No cash dividends have ever been paid on the Company's common stock and the Company does not anticipate paying cash dividends in the foreseeable future. The Company currently intends to retain any future earnings for reinvestment in its business. Any future determination to pay cash dividends will be at the discretion of the Company's board of directors and will be dependent upon the Company's financial condition, results of operations, capital requirements and other relevant factors.

Item 6. Management's Discussion and Analysis or Plan of Operation

Restatement

Management determined that the valuation methodology utilized by eB2B in 1999 to ascribe fair value to warrants issued in connection with certain financing and other transactions, as well as to compensation related to certain employee stock options, should be revised. Upon further review, management

determined that (i) the Black-Scholes option pricing model should have been used to estimate the respective fair value of such warrants, and (ii) the options issued to employees after commencement of the merger discussions with DWeb on October 27, 1999 should have reflected the 2.66 to 1 exchange ratio in the Merger. As a result, the financial statements of eB2B as of December 31, 1999 and for the year then ended have been restated to reflect the utilization of the Black-Scholes pricing model and to give effect to the 2.66 to 1 exchange ratio in the Merger, where applicable. The effect of the restatement was to increase additional paid-in capital by $3,568,000, increase unearned stock-based compensation by $1,502,000, and increase accumulated deficit during the development stage by approximately $2,066,000, resulting in no change to the total stockholders' equity as of December 31, 1999; and to increase the net loss attributable to common stockholders by $2,066,000, a non-cash charge, for the year ended December 31, 1999. In addition, the disclosures in Note 10 and 11 to the Company's consolidated financial statements have been revised to reflect the utilization of the Black-Scholes option pricing model and to give effect to the 2.66 to 1 exchange ratio in the Merger, where applicable. See Note 3 to the Company's consolidated financial statements.

Forward Looking Statements

The following discussion and analysis should be read in conjunction with the consolidated financial statements included in this report. It is intended to assist the reader in understanding and evaluating the financial position of the Company. This report contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Words such as "may", "will", "should", "could", "expects", "plans", "intends", "anticipates", "believes", "estimates", "potential", or "continue" or the negative of such terms and other comparable terminology are intended to identify forward-looking statements. Our actual results could differ materially from the results discussed in the forward-looking statements. Risk factors that could cause or contribute to such differences include those discussed in the risk factors described under the caption "Management's Discussion and Analysis or Plan of Operation - Certain Trends and Uncertainties" of this document.

Overview

The Company utilizes proprietary software to provide a technology platform for large buyers and large suppliers to transfer business documents via the Internet to their small and medium-sized trading partners. These documents include, but are not limited to, purchase orders, purchase order acknowledgements, advanced shipping notices and

invoices. The Company does not allow customers to take delivery of its proprietary software. The Company provides access via the Internet to its proprietary software, which is maintained on its hardware and on hosted hardware. The Company also offers professional services, which provide consulting expertise to the same client base, as well as to other businesses that prefer to operate or outsource the transaction management and document exchange of their business-to-business relationships.

In addition, the Company is an authorized provider of technical education to its clients for products of Citrix, Lotus Development Corporation, Microsoft Corporation, and Novell Inc. The Company designs and delivers custom technical education for the same client base and provides education through delivery of custom computer and Internet-based on-line training seminars.

Revenue from transaction processing is recognized on a per transaction basis when a transaction occurs between a buyer and a supplier. The fee is based either on the volume of transactions processed during a specific period, typically one month, or calculated as a percentage of the dollar volume of the purchase related to the documents transmitted during a similar period. Revenue from related implementation, if any, and monthly hosting fees are recognized on a straight-line basis over the term of the contract with the customer. Deferred income includes amounts billed for implementation and hosting fees, which have not been earned. For related consulting arrangements on a time-and-materials basis, revenue is recognized as services are performed and costs are incurred in accordance with the billing terms of the contract. Revenues from related fixed price consulting arrangements are recognized using the percentage-of-completion method. Fixed price consulting arrangements are mainly short-term in nature and the Company does not have a history of incurring losses on these types of contracts. If the Company were to incur a loss, a provision for the estimated loss on the uncompleted contract would be recognized in the period in which such loss becomes probable and estimable. Billings in excess of revenue recognized under the percentage-of-completion method on fixed price contracts is included

in deferred income.

Revenue from training and client educational services is recognized upon the completion of the seminar and is based upon class attendance. If a seminar begins in one period and is completed in the next period, the Company recognizes revenue based on the percentage of completion method for the applicable period. Deferred income includes amounts billed for training seminars and classes that have not been completed.

On February 22, 2000, eB2B completed its acquisition of Netlan. Pursuant to the Agreement and Plan of Merger (the "Netlan Merger"), Netlan's stockholders exchanged 100% of their common stock for 46,992 shares of eB2B common stock (equivalent to 125,000 shares of Company common stock). Additionally, 75,188 shares of eB2B common stock (equivalent to 200,000 shares of Company common stock) were issued, placed into an escrow account, and may be released to certain former shareholders of Netlan upon successful completion of escrow requirements, including continued employment with the Company. The purchase price of the Netlan Merger was approximately $1.6 million. The Company recorded approximately $4,896,000 of

goodwill and approximately $334,000 of other intangibles in connection with this transaction.

On April 18, 2000, eB2B merged with and into DWeb, a New Jersey corporation, with the surviving company using the name "eB2B Commerce, Inc.". Pursuant to the Agreement and Plan of Merger between eB2B and DWeb (the "Merger"), the shareholders of DWeb retained their shares in DWeb, while the shareholders of eB2B received shares, or securities convertible into shares, of common stock of DWeb representing approximately 89% of the equity of the Company, on a fully diluted basis. The transaction was accounted for as a reverse acquisition.

The reverse acquisition was accounted for as a purchase business combination in which eB2B is the accounting acquirer and DWeb is the legal acquirer. As a result of the reverse acquisition, (i) the financial statements of eB2B are the historical financial statements of the Company; (ii) the results of the Company's operations include the results of DWeb after the date of the Merger; (iii) the acquired assets and assumed liabilities of DWeb were recorded at their estimated fair market value at the date of the Merger; (iv) all references to the financial statements of the "Company" apply to the historical financial statements of eB2B prior to the Merger and to the consolidated financial statements of the Company subsequent to the Merger; and (v) any reference to eB2B applies solely to eB2B Commerce, Inc., a Delaware corporation, and its financial statements prior to the Merger. The purchase price of the Merger was approximately $59.1 million, of which approximately $1.9 million was allocated to identifiable net liabilities assumed, $58.1 million was allocated to goodwill and $2.9 million was allocated to other intangibles.

The goodwill resulting from the above business combinations is being amortized over five years and other intangibles are being amortized over a three-year period. For the year ended December 31, 2000, amortization related to the goodwill and other intangibles acquired in the Netlan and DWeb acquisitions totaled approximately $9.8 million.

The Company's financial condition and results from operations were dramatically different during the years ended December 31, 2000 and 1999. For the year ended December 31, 2000, the Company's results reflect the new operations of the Company, the operations of Netlan since March 1, 2000 and the operations of DWeb since April 19, 2000. eB2B did not recognize any revenue in 1999. eB2B was a development stage company, which primarily devoted its operations to recruiting and training of employees, development of its business strategy, design of a business system to implement its strategy, and development of business relationships with buyers and suppliers. As a result, the Company believes that the results of operations for the year ended December 31, 1999 are not comparable to the results of operations for the same period in 2000 and the Company's anticipated financial condition and results of operations going forward. Furthermore, the Company's limited operating history makes the prediction of future operating results very difficult. The Company believes that period-to-period comparisons of operating results should not be relied upon as predictive of future performance. The Company's prospects must be considered in light of the risks, expenses and difficulties

encountered by companies at an early stage of development, particularly companies in new and rapidly evolving markets. The Company may not be successful in addressing such risks and difficulties.

Results of Operations

Revenue

Total revenue for the year ended December 31, 2000 amounted to $5,468,000. During the same period in 1999, the Company was a development stage company and did not recognize any revenue.

The Company's transaction processing and related services' business segment generated revenue of $3,039,000 for the year ended December 31, 2000. Such revenue includes fees paid for processing transactions between buyers and suppliers, and related professional services revenue. The Company is an authorized provider of technical education to its client base, and also designs and delivers custom computer and Internet-based training. Training and client educational services generated revenues of $2,429,000 during the year ended December 31, 2000.

In the year ended December 31, 2000, one customer accounted for approximately 17% of the Company's total revenue.

Costs and Expenses

Cost of revenue consists primarily of salaries and benefits for employees providing technical support as well as salaries and benefits of personnel providing consulting and training services to clients. Total cost of revenue for the year ended December 31, 2000 amounted to $2,839,000. Cost of revenue was nil in 1999 as no revenue was generated.

Marketing and selling expenses consist primarily of employee salaries, benefits and commissions, and the costs of promotional materials, trade shows and other sales and marketing programs. Marketing and selling expenses (exclusive of stock-based compensation) were approximately $2,804,000 for the year ended December 31, 2000. Marketing and selling expenses (exclusive of stock-based compensation) were nil in 1999.

Product development expenses consist primarily of payments to outside contractors and personnel and related costs associated with the development of the Company's proprietary software and technological infrastructure for its platform necessary to process transactions, including the amortization of certain capitalized costs. Product development expenses (exclusive of stock-based compensation) were approximately $2,698,000 and $572,000 in 2000 and 1999, respectively. During the year ended December 31, 1999, eB2B abandoned the use of the product development costs capitalized at December 31, 1998, and recorded a $174,000 write-down.

The Company capitalizes qualifying computer software costs incurred during the application development stage. Accordingly, the Company anticipates that product development expenses will fluctuate from quarter to quarter as various milestones in the development process are reached and future versions are implemented.

General and administrative expenses consist primarily of (i) employee salaries and related expenses for executives, administrative and finance personnel, (ii) depreciation and amortization of property and equipment, as well as (iii) other consulting, legal and professional fees, and, to a lesser extent, (iv) facility and communication costs. In 2000 and 1999, total general and administrative expenses (exclusive of stock-based compensation) amounted to $13,438,000 and $1,670,000, respectively. During the first six months of 2000, non-recurring outside contractor and consulting fees in relation to the design and the implementation of the Company's strategy and management structure totaled approximately $2.2 million.

During the third quarter of 2000, the Company entered into a lease for new office space expiring in April 2007. During the fourth quarter of 2000, the Company consolidated all its current locations into the new space with the

exception of its training center. This consolidation allowed the Company to better streamline its operations and to reduce its overall cost structure.

Amortization of goodwill and other intangibles are non-cash charges associated with the DWeb and Netlan business combinations. Such amortization expenses were $9,829,000 for the year ended December 31, 2000. The Company periodically assesses the recoverability of goodwill and other intangibles based upon expectations of undiscounted future cash flows. Depending on the result of such assessment in future periods, management may deem it necessary to record an impairment charge.

In 2000 and 1999, stock-based compensation expense amounted to $16,027,000 and $2,686,000, respectively. This relates primarily to deferred stock compensation for options and warrants granted to employees, consultants and business partners. The deferred stock compensation is being amortized over the vesting periods of the related options and warrants. The vesting period of the options and warrants ranges principally from two to four years with the exception of 500,000 options to purchase shares of eB2B common stock (equivalent to 1,330,000 shares of Company common stock) which vested upon the completion of the Merger and generated a one-time charge of approximately $8.8 million in the second quarter of 2000.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

The Company defines EBITDA as net income (loss) adjusted to exclude: (i) provision (benefit) for income taxes, (ii) interest income and expense, (iii) depreciation, amortization and write-down of assets, and (iv) stock-related compensation.

EBITDA is discussed because management considers it an important indicator of the operational strength and performance of its business based in part on the significant level of non-cash expenses recorded by the Company to date, coupled with the fact that these

non-cash items are managed at the corporate level. EBITDA, however, should not be considered an alternative to operating or net income as an indicator of the performance of the Company, or as an alternative to cash flows from operating activities as a measure of liquidity, in each case determined in accordance with generally accepted accounting principles in the United States of America. See Liquidity and Capital Resources for a discussion of cash flow information.

For the years ended December 31, 2000 and 1999, EBITDA was a loss of $13,104,000 and $1,435,000, respectively. During the year ended December 31, 2000, the Company expensed non-cash items including depreciation and amortization, stock-based compensation expense, write-down of assets and the cost of shares and warrants issued for services aggregating to $29,170,000, compared to $6,671,000, including bridge loan financing costs of $3,178,000, for the same period in 1999.

Interest income amounted to $1,130,000 for the year ended December 31, 2000 and related primarily to interest earned on private placement proceeds. The $191,000 interest expense incurred during the year ended December 31, 2000 was chiefly associated with the $2.5 million term loan obtained from a bank (the "Bank") in February 2000. In 1999, interest was an expense of $3,192,000, which included $3,178,000 incurred in connection with eB2B's bridge loan financing costs.

Net loss for the year ended December 31, 2000 was $41,335,000 compared to a net loss of $8,120,000 for the same period in 1999.

As a result of the Merger, eB2B's 3.3 million shares of Series B preferred stock issued for net proceeds of $29,442,000 were convertible into approximately 16.0 million shares of Company common stock valued at $124.4 million based on the average quoted market price of DWeb's common stock in the three-day period before and after December 1, 1999, the date at which the parties signed the definitive merger agreement. As this value was significantly greater than the net proceeds received in the private placement of Series B preferred stock, the net proceeds received were allocated to the convertible feature and amortized as a deemed dividend on preferred stock, resulting in a corresponding charge to retained earnings and a credit to additional paid-in capital within the stockholders' equity as of December 31, 1999.

Net loss attributable to common stockholders for the year ended December 31, 2000 was $41,335,000 and equaled the net loss for the period. For the same respective period in 1999, the net loss attributable to common stockholders amounted to $37,562,000 and reflected the effect of the $29,442,000 deemed dividend on preferred stock.

Liquidity and Capital Resources

Since its inception on November 6, 1998, the Company has incurred significant operating losses, net losses and negative cash flows from operations, due in large part to the start-up and development of its operations and the development of proprietary software and technological infrastructure for its platform to process transactions. The Company expects that its net losses and negative cash flows from operations will continue as it implements its growth strategy. The Company anticipates increased revenues throughout

2001, which, if achieved, will reduce its net losses and improve cash flows from operations in 2001 as compared to 2000. There can be no assurances that revenues will improve in 2001, or that net losses and negative cash flows from operations will be reduced. Historically, the Company has funded its losses and capital expenditures through borrowings, capital contributions, and a portion of the net proceeds of prior securities offerings. From inception through December 31, 2000, net proceeds from private sales of common stock and preferred stock totaled approximately $29.9 million.

Net cash used in operating activities totaled approximately $9,416,000 for the year ended December 31, 2000 as compared to net cash used in operating activities of approximately $589,000 for the same period in 1999. Net cash used in operating activities for the year ended December 31, 2000 resulted primarily from the $41,335,000 net loss in the period offset by (i) an aggregate of $29,170,000 of non-cash charges consisting primarily of depreciation, amortization and stock-based compensation expense, and (ii) a combined $3,318,000 increase in accounts payable and accrued expenses mainly attributable to the acquisition of software licenses and, to a lesser extent, billings from outside contractors working on the development of the Company's proprietary software and technological infrastructure necessary to process transactions. Net cash used in operating activities for the year ended December 31, 1999 resulted primarily from the $8,120,000 net loss in the period offset by (i) an aggregate of $6,671,000 of non-cash charges consisting primarily of depreciation, amortization, stock-based compensation expense, as well as shares and warrants issued for services chiefly associated with legal, consulting and bridge loan financing costs, and (ii) a $1,019,000 increase in accrued expenses mainly attributable to salaries and product development costs.

Net cash provided by investing activities totaled approximately $9,075,000 for the year ended December 31, 2000, as compared to net cash used in investing activities of approximately $17,430,000 for the same period in 1999. Net cash provided by investing activities for the year ended December 31, 2000 resulted from the $15,986,000 net proceeds from maturity of investments available-for-sale offset by (i) the $978,000 net effect of the DWeb and Netlan business combinations, (ii) the acquisition of software licenses for $2,527,000 and the purchase of capital assets for $1,075,000, primarily computer, communications and office equipment, and (iii) $2,331,000 in product development expenditures consisting of fees of outside contractors and capitalized salaries. Net cash used in investing activities for the year ended December 31, 1999 was chiefly associated with the purchase of investments available-for-sale for $15,986,000, and product development expenditures, as well as purchases of computer and office equipment for $1,335,000.

Net cash provided by financing activities totaled approximately $84,000 for the year ended December 31, 2000, as compared to net cash provided by financing activities of approximately $27,916,000 for the same period in 1999. In February 2000, eB2B obtained a $2,500,000 term loan from the Bank. The term loan has a term of three years, is interest-only until December 1, 2000, and bears interest at a rate equal to LIBOR plus 1%. Beginning December 1, 2000, the term loan required ten quarterly principal payments of $250,000. The proceeds from the term loan were primarily used to refinance the $2,116,000 debt of Netlan paid by eB2B in connection with the Netlan Merger.

The Company has also obtained a $1.25 million line of credit with the Bank, which secures $1,178,000 of letters of credit that are outstanding at December 31, 2000. In 1999, cash provided by financing activities primarily consisted of proceeds from the issuance of shares of common stock, preferred stock as well as certain warrants aggregating to $29,922,000, of which $2.0 million had been loaned to DWeb.

As of December 31, 2000, the Company's principal source of liquidity is approximately $9.7 million of cash and cash equivalents. The Company has pledged a custodial cash account with the Bank as security on the term loan and line of credit. The Company is required to maintain a minimum balance of approximately 111% of the outstanding term loan and the line of credit at all times. As of December 31, 2000, the required balance was approximately $3,889,000, which is included in cash and cash equivalents as of December 31, 2000. As of April 2, 2001, the $2,250,000 outstanding balance of the term loan as of December 31, 2000 was repaid in full using cash held in the custodial cash account. As a result, the required balance in the custodial cash account as of April 2, 2001 was reduced to approximately $1,389,000.

As of December 31, 2000, the Company had entered into non-cancelable obligations for software licenses in the amount of approximately $2.4 million, of which $0.5 million was paid in October 2000. Also, the Company has committed to an annual maintenance contract of $0.4 million per year beginning on April 1, 2001. The remaining balance, including the maintenance contract, of approximately $2.3 is payable $0.5 million in February 2001. In addition, the Company has engaged an outside contractor to assist in the completion of certain specified customized development for a $1.0 million fee, which will be paid during the first six months of 2001. As of April 16, 2001, the Company agreed to terms with the software company to pay $0.4 million within 30 days and to issue stock in the amount of $1.2 million. The remaining balance of $0.2 million relates to sales tax, which will be paid upon issuance of the shares.

The Company anticipates spending approximately $1.4 million on capital expenditures over the next twelve months, primarily on product development expenditures, including approximately $600,000 of the $1.0 million in development fees noted above, and technology infrastructure.

During April 2001, the Company is in the process of raising additional capital (the "Private Placement"). The Private Placement terms are for a minimum offering of $3,000,000 and a maximum offering of $7,000,000 with a maximum over allotment of an additional $3,000,000. As of April 16, 2001, the Company has closed on $7.5 million in the form of a convertible note and an irrevocable line of credit. The securities offered in connection with the Private Placement have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States of America absent registration or an applicable exemption from registration requirements.

Management believes that the Company's available cash resources at December 31, 2000, coupled with the proceeds from the $7.5 million of convertible note and line of credit, will be sufficient to meet anticipated working capital and capital expenditure requirements for the next fifteen months. The Company's current use of cash is in excess of $1.0 million per month. The Company anticipates that its use of cash will be below $500,000 per month by the end of the third quarter of 2001 and expects to use less than $250,000 per month by the end of 2001. The expected reduction in use of cash reflects an anticipated increase in revenues, coupled with staffing reductions and operational cost reductions implemented in early April 2001, for which there can be no assurances.

Certain Trends and Uncertainties

In addition to the other information contained in this Annual Report on Form 10-KSB, the following factors should be carefully considered.

RISKS RELATING TO OUR BUSINESS

WE HAVE A LIMITED OPERATING HISTORY, HAVE NOT GENERATED SUBSTANTIAL REVENUES AND HAVE INCURRED, AND WILL CONTINUE TO INCUR, SIGNIFICANT LOSSES.

We have a limited operating history in the business-to-business electronic commerce industry. We were incorporated on July 26, 1979 in the State of New Jersey, and have been engaged in electronic commerce since 1996. On April 18, 2000, eB2B Commerce, Inc., a Delaware corporation, incorporated on November 6, 1998, merged with and into us, and our name was changed at that time from DynamicWeb Enterprises, Inc. to eB2B Commerce, Inc. In that the security holders of former eB2B received the majority of the voting securities of the combined company, former eB2B was deemed to be the accounting acquiror. Accordingly, the financial results discussed herein prior to April 18, 2000 are those of former eB2B, unless otherwise specified.

DynamicWeb Enterprises, Inc. generated revenues of $637,000, $1,187,000 and $3,045,000, and incurred net losses attributable to common stockholders of

$3,163,000, $3,031,000 and $4,465,000, for the fiscal years ended September 30, 1997, 1998 and 1999, respectively, and generated revenues of $2,032,000 and incurred a net loss attributable to common stockholders of $3,464,000 for the six months ended March 31, 2000. Its accumulated deficit at March 31, 2000 was $12,665,000. eB2B Commerce, Inc., a Delaware corporation (the former eB2B), had no revenues and incurred net losses attributable to common stockholders of $108,000 for the period November 6, 1998 (inception) to December 31, 1998 and $37,562,000 for the year ended December 31, 1999, which amount is inclusive of a deemed dividend on preferred stock of $29,442,000. For the year ended December 31, 2000, we generated revenues of $5,468,000, incurred a

net loss attributable to common stockholders of $41,335,000 and our accumulated deficit on December 31, 2000 was $79,005,000.

We cannot give assurances that we will soon make a profit or that we will ever make a profit. Even though we expect that sales will increase substantially in the near future, expenses are expected to exceed sales. Sales are expected to increase due to the increasing number of companies joining our trading communities. Among other things, to achieve profitability, we must market and sell substantially more services, hire and retain qualified and experienced employees and be able to manage our expected growth. We may not be successful in these efforts.

We currently expect to achieve positive EBITDA (earnings before interest, taxes, depreciation and amortization) in the first quarter of 2002. There can be no assurance that positive EBITDA can be achieved in this timeframe or at all, and all of the risk factors described herein may negatively effect our operating results. We are unable to predict when we may achieve net income in view of the substantial non-cash charges that which we will be required to take in future years.

THERE WILL BE SUBSTANTIAL ADVERSE EFFECTS TO OUR FUTURE OPERATING RESULTS BECAUSE OF SUBSTANTIAL NON-CASH CHARGES.

As of December 31, 2000, our balance sheet included $56,363,000 of goodwill and other intangible assets and $2,368,000 of unearned stock-based compensation. The goodwill arose in connection with the merger in April 2000 of eB2B Commerce, Inc., a Delaware corporation, with and into DynamicWeb Enterprises, Inc., and the February 2000 acquisition of Netlan Enterprises, Inc. and subsidiaries. We expect to incur quarterly non-cash charges through March 2003 of approximately $3,400,000 corresponding to the amortization of such goodwill and other intangibles. Between June 2003 and March 2005, the quarterly amortization expense is expected to be approximately $3,100,000. Unearned stock-based compensation arose from the grant of stock options and warrants to employees, consultants and trading partners, and is being amortized over the vesting periods of these securities. All of these non-cash charges will significantly affect our reported operating results.

OUR BUSINESS MODEL IS UNPROVEN AND MAY NOT BE SUCCESSFUL.

Our business-to-business electronic commerce model is based on the development of trading communities for the purchase and sale of goods between buyers and suppliers. To date, we have generated limited revenue from the trading communities. While we have signed several participants into our golf, sporting goods and chain pharmacy networks, none of the participants are required to conduct a minimum level of business. We believe that in order to reach significant revenue levels from these networks, additional trading partners will need to be added, particularly those who already conduct business among themselves. Accordingly, the success of our business model will depend upon a number of factors, including:

- the number of buyers and suppliers that participate in the trading communities;

- the volume of transactions conducted by buyers and suppliers;

- our ability to attract new customers and maintain customer satisfaction;

- our ability to upgrade, develop and maintain the technology necessary for our operations;

- the introduction of new or enhanced services by our competitors;

- the pricing policies of competitors; and

- our ability to attract personnel with Internet industry expertise.

In addition, our business depends upon the satisfactory performance, reliability and availability of our systems and network infrastructure. Any system failure or interruption could result in delays, loss of data or the inability to accept and confirm business documents. Such decreased levels of customer service would reduce the attractiveness of our services and would negatively affect our operating results.

If our business strategy is flawed or if we fail to execute our strategy effectively, our business, operating results and financial condition will be substantially harmed. We do not have substantial experience in developing and operating trading communities and we cannot assure you that the trading communities will be operated effectively, that a sufficient number of buyers and suppliers will join the trading communities or, if a sufficient number of buyers and suppliers join, that they will conduct enough transactions to generate significant revenues within the trading communities.

OUR SUCCESS WILL DEPEND ON EXPANDING MARKET ACCEPTANCE FOR INTERNET BUSINESS-TO-BUSINESS ELECTRONIC COMMERCE.

Our future revenues and any future profits depend upon the widespread acceptance and use of the Internet as an effective medium of business-to-business electronic commerce, particularly as a medium to perform goods procurement and fulfillment functions in our targeted markets. If the use of the Internet in electronic commerce in such markets does not grow or if it grows more slowly than expected, our business will suffer. A number of factors could prevent such growth, including:

- Internet electronic commerce is at an early stage and buyers may be unwilling to shift their transmission of business documents from traditional methods to electronic methods;

- Internet electronic commerce may not be perceived as offering a cost saving to users;

- the necessary network infrastructure for substantial growth in usage of the Internet may not be adequately developed;

- increased governmental regulation or taxation may adversely affect the viability of electronic commerce;

- any shift from flat rate pricing to usage based pricing for Internet access may adversely impact the viability of the business models;

- insufficient availability of telecommunication services or changes in telecommunication services could result in slower response times;

- technical difficulties; and

- concerns regarding the security of electronic commerce transactions.

WE MUST ENROLL A SIGNIFICANT NUMBER OF ADDITIONAL MAJOR BUYERS AND SUPPLIERS IN OUR TRADING COMMUNITIES.

As of December 31, 2000, we connected approximately 150 retail organizations and 1,600 supplier organizations within our trading communities. We currently anticipate that the number of buyers and suppliers would have to increase by approximately 3,500 in order for us to achieve EBITDA profitability. Over the last several months, we have added approximately 6,000 suppliers as potential customers to our backlog. This represents supplier lists provided by retailers on our service, which need to be sold our services. We estimate that we can sign and implement between 25% and 50% of these suppliers to our service in 2001. Our business model depends in large part on our ability to create a network effect of buyers and suppliers. Buyers may not perceive value in the communities if there is an insufficient number of major suppliers within the communities. Similarly, suppliers may not be attracted to the network trading communities if there is an insufficient number of major buyers within the communities. If we are unable to increase either the number of buyers or suppliers, we will not be able to benefit from any network effect. As a result, the overall value of the trading communities would be diminished, which could harm our business, operating results and financial condition.

OUR BUSINESS IS DEPENDENT ON A LIMITED NUMBER OF CUSTOMERS.

In the year ended December 31, 2000, one customer accounted for approximately 17% of our total revenue. We do not expect any significant increases in revenues from the customer and, therefore, expect that such percentage will decrease in future periods.

If this customer were to substantially reduce or stop its use of our services, our business, operating results and financial condition would be harmed. Generally, we do not have any long-term contractual commitments from any of our current customers, and customers may terminate their contracts with us with little or no advance notice and

without significant penalty. As a result, we cannot assure you that any of our current customers will continue to use our services in future periods.

THE INTERNET-BASED BUSINESS-TO-BUSINESS INDUSTRY IS HIGHLY COMPETITIVE AND HAS LOW BARRIERS TO ENTRY.

The market for Internet-based, business-to-business electronic commerce solutions is extremely competitive. Our competition is expected to intensify as current competitors expand their service offerings and new competitors -- including larger, more established companies with more resources -- enter the market. The evolution of technology in our market is rapid and we must adapt to remain competitive. We may not be able to compete successfully against current or future competitors and such competitive pressures could harm our business, operating results or financial condition.

Our direct competition falls into two general categories: direct vertical and indirect horizontal competitors. Direct vertical competitors are focused on the demand chain in the Company's vertical markets. Indirect horizontal competitors are focused on similar products but not in specific or multiple vertical industries. The Company's major direct vertical competitors are iCongo.com and Channel-Sports. Major indirect horizontal competitors include Automated Data Exchange (ADX) (formerly known as The EC Company) and SPS Commerce. All competitors are privately held businesses and minimal public information is available on their efforts to date.

Also, we believe that competition may develop from four additional areas: EDI/electronic commerce companies, technology/software development companies, retailer purchasing organizations, and leading industry manufacturers. Additionally, large retailers and suppliers can create their own technology platform to automate the exchange of business documents with their small and medium sized trading partners, thereby reducing the number of large retailers and suppliers in our target markets.

OUR BUSINESS IS DEPENDENT ON INTELLECTUAL PROPERTY RIGHTS.

To protect our proprietary products, we rely on a combination of copyright, trade secret and trademark laws, as well as contractual provisions relating to confidentiality and related matters. We also rely on common law protection relating to unfair business practices. Our primary software is licensed from others, and has been modified by us to perform the tasks specific to our business. Such software is run on our computers, thereby avoiding third party access. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Moreover, we cannot assure you that our means of protecting our proprietary rights will be adequate or that competitors will not independently develop similar or superior technology.

WE MAY NOT HAVE FEDERAL TRADEMARK PROTECTION FOR OUR NAME.

Our principal trademark is "eB2B", for which we are seeking a federal registration. The United States Patent and Trademark Office has issued an initial objection to the registration application based upon the descriptiveness of the trademark. We have filed a response with the United States Patent and Trademark Office challenging the objection. There can be no assurance that a trademark will be granted by the United States Patent and Trademark Office. If a federal trademark is not obtained then there can be no assurance that the mark can be adequately protected against any third party infringement, which could adversely affect our business. We have not made filings in any states with respect to obtaining state trademark protection.

WE ARE DEPENDENT ON ONE PRIMARY DATA CENTER.

We operate our primary data center at Exodus Communications, Inc.'s Internet Data Center facility in Jersey City, New Jersey. The data center operates twenty-four hours a day, seven days a week, and is connected to: (1) the Internet via Exodus Communications; and (2) the electronic data interchange network via AT&T and IBM Global Network. The data center consists primarily of servers, storage subsystems, and other peripheral technology to provide on-line, batch and back-up operations. Customers' data is backed-up daily and stored off-site.

We rely on Exodus Communications to provide us with Internet capacity, security personnel and fire protection, and to maintain the facilities, power and climate control necessary to operate our servers. Additionally, we rely on Exodus Communications for redundant subsystems, such as multiple fiber trunks from multiple sources, fully redundant power on the premises and multiple back-up generators. If Exodus Communications fails to adequately host or maintain our servers, our services could be disrupted and our business and operating results could be significantly harmed. We can make no assurances regarding our recourse against Exodus Communications in the event of such failure. Our agreement with Exodus Communications has a term of one year and is automatically renewable for additional one-year terms.

There can be no assurance that Exodus Communications can effectively provide and manage the aforementioned infrastructure and services in a reliable fashion.

WE WILL BE SUBJECT TO CERTAIN LEGAL RISKS AND UNCERTAINTIES RELATING TO OUR SERVICES.

In the course of our business, we will be exposed to certain legal risks and uncertainties relating to information transmitted in transactions conducted by our customers. The services provided to customers may include access to confidential or proprietary information. Any unauthorized disclosure of such information could result in a claim against us for substantial damages. In addition, our services include managing the collection and publication of catalog content. The failure to publish accurate catalog content could deter users from participating in trading communities, damage our business reputation and potentially expose us to legal liability. From time to time, some of our suppliers may submit inaccurate pricing or other catalog information. Even though such

inaccuracies may not be caused by us and are not within our control, we could be exposed to legal liability. Although we believe that we have implemented and will continue to implement adequate policies to prevent disclosure of confidential or inaccurate information, claims alleging such matters may still be brought against us. Any such claim may be time-consuming and costly and may harm our business and financial condition. We maintain insurance for many of the risks encountered in our business, however, there can be no assurances that the claims will be substantially covered by our insurance.

WE ARE CURRENTLY SUBJECT TO LITIGATION AND MAY BE SUBJECT TO ADDITIONAL LITIGATION IN THE FUTURE.

In October 2000, Cintra Software & Services Inc. commenced a civil action against us in New York Supreme Court, New York County. The complaint alleges that we acquired certain software from Cintra upon the authorization of our former Chief Information Officer. Cintra is seeking damages of approximately $856,000. While the action is at a very early stage, we believe we have meritorious defenses to the allegations made in the complaint and intend to defend the action vigorously.

On March 2, 2001, a former employee commenced a civil action against the Company and two members of its management in the Supreme Court of the State of New York, County of New York, seeking, among other things, compensatory damages in the amount of $1.0 million and additional punitive damages of $1.0 million for alleged defamation in connection with his termination by the Company, as well as a declaratory judgment concerning his alleged entitlement to stock options to purchase 75,000 shares of the Company's common stock. The Company has not yet responded to the Complaint and no discovery has commenced. The Company disputes these claims and intends to vigorously defend the action.

More generally, some of our engagements involve the design and development of customized e-commerce systems that are important to our clients' businesses. Failure or inability to meet a client's expectations in the performance of services could result in a diminished business reputation or a claim for substantial damages regardless of which party is responsible for such failure. In addition, the services provided to clients may provide us with access to confidential or proprietary client information. Although we have policies in place to prevent such client information from being disclosed to unauthorized parties or used inappropriately, any unauthorized disclosure or use could result in a claim against us for substantial damages. Contractual provisions attempting to limit such damages may not be enforceable in all instances or may otherwise fail to protect us from liability.

In addition, there is always the possibility that our shareholders will blame us for taking an alleged inappropriate action that causes the loss of their investment. In the past, following periods of volatility in the market price of a company's securities, class action litigation often has been instituted against a company experiencing stock price declines. Similar litigation, if instituted against us, could result in substantial costs and a diversion

of our management's attention and resources. As a result, your investment in our stock may become illiquid and you may lose your entire investment.

RISKS RELATING TO OUR COMMON STOCK

OUR DIRECTORS AND EXECUTIVE OFFICERS HAVE SIGNIFICANT CONTROL AND INFLUENCE OVER THE COMPANY.

As a group, our directors and executive officers beneficially own approximately 45.6% of our outstanding voting stock. If they vote together, the directors and executive officers will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors. The interests of our directors and executive officers may conflict with the interests of our other shareholders. In addition, Commonwealth Associates, L.P., the placement agent for our December 1999 and April 2001 private placements, has the right to designate three (of seven) members of our Board of Directors, two of which (Michael S. Falk and Timothy P. Flynn) are already serving.

WE DO NOT ANTICIPATE PAYING DIVIDENDS ON OUR COMMON STOCK.

We have never paid dividends on our common stock and we do not anticipate paying dividends in the foreseeable future. We intend to reinvest any funds that might otherwise be available for the payment of dividends in further development of our business.

THE EXPIRATION OF RESTRICTIONS ON THE RESALE OF CERTAIN SECURITIES MAY NEGATIVELY AFFECT THE PRICE OF OUR COMMON STOCK.

A significant number of shares of common stock which are currently outstanding, and a significant number of shares of common stock underlying convertible preferred stock, options or warrants outstanding, are subject to lock up agreements under which the shareholders have agreed not to sell such shares for specified periods of time. Specifically, in connection with the private placement of Series B Convertible Preferred Stock and warrants completed in December 1999, each of the investors in such private placement was required to enter into a lock up agreement prohibiting the sale of the securities purchased in the private placement for a period of at least twelve months from the closing of such private placement, which lock-up period has expired.

All of our directors, officers and principal shareholders immediately prior to the April 18, 2000 merger with eB2B Commerce, Inc., a Delaware corporation, and all of current officers and directors have entered into lock up agreements prohibiting the sale of such securities for various periods of time.

On each of December 2, 2000 and March 2, 2001, the lock up expired to the extent of 25% of the holdings of each person subject to a lock-up agreement. On May 31, 2001 and August 29, 2001, the restrictions will be lifted to the extent of an additional 25% of each such person's respective holdings. Upon the expiration of the restrictions imposed by the lock up agreements described above, the persons party to those agreements will be able to sell their shares, subject to the restrictions imposed by the federal securities laws. The sale or the possibility of the sale of shares of our common stock after the expiration of such lock up periods has and may continue to adversely affect the market price of our common stock, and may adversely affect our ability to raise capital.

THERE IS POTENTIAL EXPOSURE TO US IN THAT CERTAIN SHARES OF COMMON STOCK UNDERLYING OUR PREFERRED STOCK HAVE BEEN SOLD

PRIOR TO THE EFFECTIVENESS OF A REGISTRATION STATEMENT THAT WAS RECENTLY FILED

From December 2, 2000 until January 12, 2001, certain shares of our common stock, which were issued by virtue of conversion of shares of preferred stock, were sold by our shareholders in the open market. Such shareholders believed that their shares were registered pursuant to a previous registration statement of ours. The Securities and Exchange Commission has advised us of their opinion that such shares were not covered by the prior registration statement. While we believe that such sales were made in conformance with applicable securities laws and regulations, a different determination may result in our having liability. Commencing January 25, 2001, we advised such converting shareholders to resell their shares pursuant to Rule 144 promulgated under the Securities Act of 1933. We estimate that approximately 2,933,000 shares of our common stock were issued to such shareholders. Such shares may have potentially been sold in the open market prior to January 25, 2001, at prices that may have ranged from $.50 to $1-1/4 per share. It is possible that the selling shareholders will seek to include us in any action for recission taken against them by third parties who purchased the common stock. The measure of damages could be the purchase price paid, plus interest. We are unable to assess, in the event that there is any liability, what the amount thereof would be.

WE ARE SUBJECT TO A SUBSTANTIAL PENALTY IN THE EVENT WE DO NOT RECEIVE SHAREHOLDER APPROVAL, BY NO LATER THAN SEPTEMBER 30, 2001, OF OUR APRIL 2001 PRIVATE PLACEMENT

In that our April 2001 private placement of convertible notes and warrants resulted in the issuance of more than 20% of our outstanding common stock, Nasdaq rules require that we obtain shareholder approval of this transaction. Until such shareholder approval is obtained, conversion of the convertible notes (or convertible preferred stock into which such notes may eventually first be converted into) into shares of our common stock is limited to an aggregate of not more than 19.9% of the number of shares of common stock outstanding before such notes and warrants are issued and the warrants will not

be exercisable. We have agreed to hold a shareholders meeting, at which approval will be sought, by July 31, 2001 (but in no event later than September 30, 2001). If we fail to receive the necessary shareholder approval by such date, we may be required to redeem all of these private placement securities at a redemption price (payable in cash or in stock at our discretion) equal to two times the face amount thereof or the price required to make investors "whole" in light of the then current market price. Alternatively, the holders may terminate the conversion limitation, in which case we face delisting from Nasdaq.

THE PRICE OF OUR COMMON STOCK IS VOLATILE, WHICH COULD RESULT IN SUBSTANTIAL LOSSES FOR INVESTORS.

Our stock price has been and is likely to continue to be volatile. For example, from January 1, 2000 through March 31, 2001, our common stock traded as high as $19.75 per share and as low as $0.50 per share.

Volatility in the future may be due to a variety of factors, including:

- volatility of stock prices of Internet and electronic commerce companies generally;
- variations in our operating results and/or our revenue growth rates;
- changes in securities analysts' estimates of our financial performance, or for the performance of our industry as a whole;
- announcements of technological innovations;
- the introduction of new products or services by us or our competitors;
- change in market valuations of similar companies;
- market conditions in the industry generally;
- announcements of additional business combinations in the industry or by us;
- issuances or the potential issuances of additional shares;

- additions or departures of key personnel; and
- general economic conditions.

The stock market has experienced extreme price and volume fluctuations that have particularly affected the market prices of securities of Internet-related companies. These fluctuations may adversely affect the market price of our common stock.

WE MAY BE DELISTED FROM THE NASDAQ SMALLCAP MARKET.

Our common stock is traded on the Nasdaq SmallCap Market under the symbol "EBTB." While our common stock has recently been traded at bid price of over $1.00, over the past several months the bid price has fallen under $1.00 on several occasions. In the event that our shares of common stock close below the minimum $1.00 bid price for thirty consecutive business days, we will receive notification from the Nasdaq Stock Market, Inc. ("Nasdaq") that we are not in compliance with the minimum bid price requirement of Nasdaq. To regain compliance with this standard, the common stock would be required to have a closing bid price at or above $1.00 for ten consecutive business days within the ninety-calendar day period from such notification. Should such compliance not be achieved, Nasdaq could issue a delisting letter.

Our failure to meet Nasdaq's maintenance criteria, which includes minimum price and other requirements, in the future may result in the discontinuance of the inclusion of our securities on Nasdaq. In such event, trading, if any, in the securities may then continue to be conducted on the non-Nasdaq over-the-counter market in what are commonly referred to as the electronic bulletin board and the "pink sheets". As a result, an investor may find it more difficult to dispose of or obtain accurate quotations as to the market value of the securities.

OUR SHARES COULD BECOME A "PENNY STOCK", IN WHICH CASE IT WOULD BE MORE DIFFICULT FOR INVESTORS TO SELL THEIR SHARES.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than $5.00, other than securities registered on national securities exchanges or quoted on Nasdaq, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. Prior to a transaction in a penny stock, a broker-dealer is required to:

- - deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market;

- - provide the customer with current bid and offer quotations for the penny stock;

- - explain the compensation of the broker-dealer and its salesperson in the transaction;

- - provide monthly account statements showing the market value of each penny stock held in the customer's account; and

- - make a special written determination that the penny stock is a suitable investment for the purchase and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. If our shares become subject to the penny stock rules, investors may find it more difficult to sell their shares.

Item 7. Financial Statements
eB2B Commerce, Inc.

Index to Consolidated Financial Statements

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Consolidated Statements of Operations for the years ended December 31, 2000 and 1999 (as restated)	F-5
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2000 and 1999 (as restated)	F-6
Consolidated Statement of Cash Flows for the years ended December 31, 2000 and 1999 (as restated)	F-8
Notes to the Consolidated Financial Statements	F-9

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of eB2B Commerce, Inc.:

We have audited the accompanying consolidated balance sheet of eB2B Commerce, Inc. (the "Company") as of December 31, 2000, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

New York, New York
April 16, 2001

Report of Independent Auditors

To the Board of Directors
eB2B Commerce, Inc.

We have audited the accompanying balance sheet of eB2B Commerce, Inc. (the "Company") as of December 31, 1999, and the related statement of operations, stockholders' equity and cash flows for the year 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 auditing standards generally accepted in the United States. 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of eB2B Commerce, Inc. as of December 31, 1999, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

As described in Note 3, the financial statements have been restated to correct the valuation of certain common stock warrants and options.

Ernst & Young LLP
New York, New York
February 22, 2000, except for Notes 3, 10 and 11, as to which the date is March 30, 2001.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

ASSETS	December 31, 2000	December 31, 1999 (as restated, see Note 3)
<S>	<C>	<C>
Current Assets		
Cash and cash equivalents	$ 9,650	$ 9,907
Investments available-for-sale	-	15,986
Accounts receivable (less allowance of $113 in 2000)	1,530	-
Other current assets	409	2,260
Total Current Assets	11,589	28,153
Property and equipment, net	4,272	167
Goodwill, net of accumulated amortization of $8,852 in 2000	54,104	-
Other intangibles, net of accumulated amortization of $977 in 2000	2,259	-
Other assets	995	744
Total Assets	$ 73,219	$ 29,064
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	$ 1,000	$ -
Accounts payable	1,806	-
Accrued expenses and other current liabilities	4,892	1,055
Deferred income	592	-
Total Current Liabilities	8,290	1,055
Long-term debt, less current maturities	1,250	-
Capital lease obligations, less current maturities	212	-
Other	379	-
Total Liabilities	10,131	1,055
Commitments and contingencies (Note 8)		
Stockholders' Equity		
Undesignated preferred stock - no par value; 45,998,000 shares authorized; no shares issued and outstanding	-	-
Preferred stock, convertible Series A - $.0001 par value; 2,000 shares authorized; 7 and 300 shares issued and outstanding at December 31, 2000 and 1999, respectively	-	-
Preferred stock, convertible Series B - $.0001 par value; 4,000,000 shares authorized; 2,803,198 and 3,299,999 shares issued and outstanding at December 31, 2000 and 1999, respectively	-	-
Common stock - $.0001 par value; 200,000,000 shares authorized; 15,384,015 and 7,253,820 shares issued and outstanding at December 31, 2000 and 1999, respectively	2	1
Additional paid-in capital	144,459	67,500
Accumulated deficit	(79,005)	(37,670)
Unearned stock-based compensation	(2,368)	(1,822)
Total Stockholders' Equity	63,088	28,009
Total Liabilities and Stockholders' Equity	$ 73,219	$ 29,064

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

</TABLE>

<TABLE>
<CAPTION>

	Year Ended December 31, 2000	Year Ended December 31, 1999 (as restated see Note 3)
<S>	<C>	<C>
Revenue	$ 5,468	$ -
Costs and expenses		
Cost of revenue	2,839	-
Marketing and selling (exclusive of stock-based compensation expense of $1,412 and $500 for the years ended December 31, 2000 and 1999, respectively)	2,804	-
Product development costs (exclusive of stock-based compensation expense of $362 and $231 for the years ended December 31, 2000 and 1999, respectively)	2,698	572
General and administrative (exclusive of stock-based compensation expense of $14,253 and $1,955 for the years ended December 31, 2000 and 1999, respectively)	13,438	1,670
Amortization of goodwill and other intangibles	9,829	-
Stock-based compensation expense	16,027	2,686
Total costs and expenses	47,635	4,928
Loss from operations	(42,167)	(4,928)
Interest income	1,130	-
Interest expense (including bridge loan financing costs of $3,178 in 1999)	(191)	(3,192)
Other, net	(107)	-
Net loss	$(41,335)	$ (8,120)
Deemed dividend on preferred stock	-	(29,442)
Net loss attributable to common stockholders	$(41,335)	$(37,562)
Basic and diluted net loss per common share	$ (3.61)	$ (5.70)
Weighted average number of common shares outstanding	11,461,496	6,591,108

</TABLE>

See accompanying notes to consolidated financial statements.

eB2B Commerce, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In
	Shares	Amount	Shares	Amount	Shares	Amount	Capital
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Balance at January 1, 1999	-	-	-	-	6,167,210	1	354
Sale of common stock	-	-	-	-	259,350	-	195
Sale of Series A preferred stock	300	-	-	-	-	-	300
Sale of Series B preferred stock	-	-	3,299,999	-	-	-	29,442
Issuance of common stock in exchange for services	-	-	-	-	393,680	-	228
Issuance of common stock in exchange for domain name	-	-	-	-	7,980	-	2
Issuance of common stock in exchange for note payable	-	-	-	-	425,600	-	80
Issuance of warrants in connection with bridge financing (as restated, see Note 3)	-	-	-	-	-	-	3,178
Unearned stock-based compensation (as restated, see Note 3)	-	-	-	-	-	-	4,279
Amortization of unearned stock-based compensation (as restated, see Note 3)	-	-	-	-	-	-	-

<CAPTION>

<S>	Unearned Stock-Based Compensation <C>	Accumulated Deficit <C>	Total <C>
Balance at January 1, 1999	-	(108)	247
Sale of common stock	-	-	195
Sale of Series A preferred stock	-	-	300
Sale of Series B preferred stock	-	-	29,442
Issuance of common stock in exchange for services	(228)	-	-
Issuance of common stock in exchange for domain name	-	-	2
Issuance of common stock in exchange for note payable	-	-	80
Issuance of warrants in connection with bridge financing (as restated, see Note 3)	-	-	3,178
Unearned stock-based compensation (as restated, see Note 3)	(4,279)	-	-
Amortization of unearned stock-based compensation (as restated, see Note 3)	2,685	-	2,685

</TABLE>
<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net loss	-	-	-	-	-	-		-
Deemed dividend on preferred stock	-	-	-	-	-	-		29,442

Balance at January 1, 2000 (as restated, see Note 3)	300	-	3,299,999	-	7,253,820	1	67,500
Netlan merger	-	-	-	-	325,000	-	3,347
DynamicWeb reverse acquisition	-	-	-	-	4,811,969	1	58,648
Conversion of Series A preferred stock	(293)	-	-	-	389,690	-	-
Conversion of Series B preferred stock	-	-	(496,801)	-	2,402,710	-	-
Exercise of stock options and warrants	-	-	-	-	117,691	-	144
Unearned stock-based compensation	-	-	-	-	-	-	14,523
Amortization of unearned stock-based compensation	-	-	-	-	-	-	-
Other	-	-	-	-	83,135	-	297
Net loss	-	-	-	-	-	-	-
Balance at December 31, 2000	7	$ -	2,803,198	$ -	15,384,015	$ 2	$ 144,459

<CAPTION>

<S>	<C>	<C>	<C>
Net loss	-	(8,120)	(8,120)
Deemed dividend on preferred stock	-	(29,442)	-
Balance at January 1, 2000 (as restated, see Note 3)	(1,822)	(37,670)	28,009
Netlan merger	$ (2,050)	-	1,297
DynamicWeb reverse acquisition	-	-	58,649
Conversion of Series A preferred stock	-	-	-
Conversion of Series B preferred stock	-	-	-
Exercise of stock options and warrants	-	-	144
Unearned stock-based compensation	(14,523)	-	-
Amortization of unearned stock-based compensation	16,027	-	16,027
Other	-	-	297
Net loss	-	(41,335)	(41,335)
Balance at December 31, 2000	$ (2,368)	$ (79,005)	$63,088

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Year Ended December 31, 2000	1999 (as restated, see Note 3)
<S>	<C>	<C>
Operating Activities		
Net loss	$(41,335)	$ (8,120)

Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	13,086	633
Stock-based compensation expense	15,991	1,427
Write-down of assets	57	174
Shares, options and warrants issued for services	36	1,259
Warrants issued in connection with bridge loan financing	-	3,178
Management of operating assets and liabilities		
Accounts receivable, net	(277)	-
Accounts payable	(327)	-
Accrued expenses and other liabilities	3,645	1,019
Other	(292)	(159)
Net cash used in operating activities	(9,416)	(589)
Investing Activities		
Acquisitions, net of cash acquired	(978)	-
Proceeds (purchases) of investments available-for-sale, net	15,986	(15,986)
Purchase of software	(2,527)	-
Purchase of property and equipment	(1,075)	(195)
Product development expenditures	(2,331)	(1,140)
Other investing activities	-	(109)
Net cash provided by (used in) investing activities	9,075	(17,430)
Financing Activities		
Proceeds from borrowings	2,500	-
Repayment of borrowings	(2,366)	(6)
Loan to DWeb	-	(2,000)
Payment of capital lease obligations	(194)	-
Proceeds from issuance of shares and warrants	-	29,922
Proceeds from exercise of options and warrants	144	-
Net cash provided by financing activities	84	27,916
Net (decrease) increase in cash and cash equivalents	(257)	9,897
Cash and cash equivalents at beginning of year	9,907	10
Cash and cash equivalents at end of year	$ 9,650	$ 9,907
Non-cash transactions		
Common stock, options and warrants issued or exchanged in connection with acquisitions	$ 61,996	$ -
Shares, options and warrants issued for services	$ 398	$ 4,507
Equipment acquired under capital lease	$ 346	$ -
Preferred stock issued in exchange for note payable	$ -	$ 15
Common stock issued in exchange for note payable	$ -	$ 80
Common stock issued in exchange for domain name	$ -	$ 2
Cash paid during the period for		
Interest	$ 148	$ -

</TABLE>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND PLAN OF OPERATIONS

eB2B Commerce, Inc. (the "Company") utilizes proprietary software to provide a technology platform for large buyers and large suppliers to transfer business documents via the Internet to their small and medium-sized trading partners. These documents include, but are not limited to, purchase orders, purchase order acknowledgements, advanced shipping notices and invoices. The Company does not allow customers to take delivery of its proprietary software. The Company provides access via the Internet to its proprietary software, which is maintain on its hardware and on hosted hardware. The Company also offers professional services, which provide consulting expertise to the same client base, as well as to other businesses that prefer to operate or outsource the transaction management and document exchange of their business-to-business relationships. In addition, the Company provides authorized technical education to its client base, and also designs and delivers custom computer and Internet-based training seminars.

Since its inception, the Company has experienced significant losses from operations and negative cash flows from operations in the transaction management and document exchange services. Management has addressed the costs of providing these services throughout 2000 and 2001. While the Company continues to add large customers to its service, the Company is focused primarily on implementing the trading partners who transact business with its largest existing customers.

To ensure the success of the Company, and to address the continuing loss from operations and negative cash flows from operations, management enacted a plan for the Company, which includes various cost cutting measures during the third and fourth quarter of 2000 and into 2001.

Additionally, on April 16, 2001, the Company received additional financing of $7.5 million in the form of a convertible note and an irrevocable line of credit (see Note 14, Subsequent Events).

NOTE 2. BASIS OF PRESENTATION AND OTHER MATTERS

On April 18, 2000, eB2B Commerce, Inc., a Delaware corporation ("eB2B"), merged with and into DynamicWeb Enterprises, Inc., a New Jersey corporation and an SEC registrant ("DWeb"), with the surviving company using the name "eB2B Commerce, Inc." (the "Company"). Pursuant to the Agreement and Plan of Merger between eB2B and DWeb (the "Merger"), the shareholders of DWeb retained their shares in DWeb, while the shareholders of eB2B received shares, or securities convertible into shares, of common stock of DWeb representing approximately 89% of the equity of the Company, on a fully diluted basis. The transaction was accounted for as a reverse acquisition.

The reverse acquisition was accounted for as a "purchase business combination" in which eB2B was the accounting acquirer and DWeb was the legal acquirer. The management of eB2B remained the management of the Company. As a result of the reverse acquisition, (i) the financial statements of eB2B are the historical financial statements of the Company; (ii) the results of the Company's operations include the results of DWeb after the date of the Merger; (iii) the acquired assets and assumed liabilities of DWeb were recorded at their estimated fair market value at the date of the Merger; (iv) all references to the financial statements of the "Company" apply to the historical financial statements of eB2B prior to the Merger and to the consolidated financial statements of the Company subsequent to the Merger; (v) any reference to eB2B applies solely to eB2B Commerce, Inc., a Delaware corporation, and its financial statements prior to the Merger, and (vi) the Company's year-end is December 31, that of the accounting acquirer, eB2B.

In the opinion of management, all material adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation. Also, the contributed capital of eB2B as of December 31, 1999 has been recast to give effect to the Merger. Certain other prior period balances have been reclassified to conform to the current period presentation.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles

The consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America ("generally accepted accounting principles").

Use of Estimates

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

Revenue Recognition

Revenue from transaction processing is recognized on a per transaction basis when a transaction occurs between a buyer and a supplier. The fee is based either on the volume of transactions processed during a specific period, typically one month, or calculated as a percentage of the dollar volume of the purchase related to the documents transmitted during a similar period. Revenue from related implementation, if any, and monthly hosting fees are recognized on a straight-line basis over the term of the contract with the customer. Deferred income includes amounts billed for implementation and hosting fees, which have

not been earned.

For related consulting arrangements on a time-and-materials basis, revenue is recognized as services are performed and costs are incurred in accordance with the billing terms of the contract. Revenues from related fixed price consulting arrangements are recognized using the percentage-of-completion method. Progress towards completion is measured using efforts-expended method based upon management estimates. Fixed price consulting arrangements are mainly short-term in nature and the Company does not have a history of incurring losses on these types of contracts. If the Company were to incur a loss, a provision for the estimated loss on the uncompleted contract would be recognized in the period in which such loss becomes probable and estimable. Billings in excess of revenue recognized under the percentage-of-completion method on fixed price contracts is included in deferred income.

Revenue from training and client educational services is recognized upon the completion of the seminar and is based upon class attendance. If a seminar begins in one period and is completed in the next period, the Company recognizes revenue based on the percentage of completion method for the applicable period. Deferred income includes amounts billed for training seminars and classes that have not been completed.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market investments and other highly liquid investments with original maturities of three months or less.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, and are depreciated or amortized using the straight-line method over the following estimated useful lives:

<TABLE>

<S>	<C>
Computer and communications equipment......	2 to 3 years
Purchased software.........................	2 years
Office equipment and furniture.............	4 to 5 years
Leasehold improvements.....................	Shorter of useful life or lease term

</TABLE>

Goodwill and Other Intangibles

Goodwill is amortized using the straight-line method from the date of acquisition over the period of expected benefit, or five years. Other intangibles resulting from the Company's purchase business combinations, including assembled workforce and customer list, are also amortized over the straight-line method from the date of acquisition over the period of expected benefit, or three years.

Impairment of Long-Lived Assets

The Company's long-lived assets, including property and equipment, goodwill and other intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. When such events occur, the Company measures impairment by comparing the carrying value of the long-lived asset to the estimated undiscounted future cash flows expected to result from use of the assets and their eventual disposition. If the sum of the expected undiscounted future cash flows were less than the carrying amount of the assets, the Company would recognize an impairment loss. The impairment loss, if determined to be necessary, would be measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Product Development

In accordance with the provisions of Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", the Company capitalizes qualifying computer software costs incurred during the application development stage. All other costs incurred in connection with internal use software are expensed as incurred. The useful life assigned to capitalized product development expenditures is based on the period such product is expected to provide future utility to the Company. As of December 31, 2000 and 1999, capitalized product development expenditures, which have been classified as other assets in the Company's balance sheets, were $905,000 and $738,000, respectively. During the year ended December 31, 1999, eB2B abandoned the use of the product development expenditures capitalized at December 31, 1998, and recorded a $174,000 write-down.

Income Taxes

The Company records income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to

differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and the tax effect of net operating loss carryforwards. A valuation allowance is recorded against deferred tax assets if it is more likely than not that such assets will not be realized.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and the current portion of long-term debt approximate fair value due to the short maturities of such instruments. The carrying value of the long-term debt and capital lease obligations approximate fair value based on current rates offered to the Company for debt with similar collateral and guarantees, if any, and maturities.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with high credit quality financial institutions. The Company's accounts receivable are derived from revenue earned from customers located in the United States of America and are denominated in U.S. dollars. Portions of the Company's accounts receivable balances are settled either through customer credit cards or electronic fund transfers. The Company maintains an allowance for doubtful accounts based upon the estimated collectibility of accounts receivable. The Company recorded provisions (additions) to the allowance of $211,000 and write-offs (deductions) against the allowance of $98,000 during the year ended December 31, 2000.

In the year ended December 31, 2000, one customer from the Company's transaction processing and related services' segment accounted for approximately 17% of the Company's total revenue. As of December 31, 2000, the same customer accounted for approximately 14% of accounts receivable.

Net Loss per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is the same as basic net loss per common share since the assumed conversion of options, warrants and preferred shares would have been antidilutive. Had the Company reported net earnings at December 31, 2000 and 1999, options and warrants to purchase 21,552,096 and 13,535,687 common shares, and preferred shares convertible into 13,566,595 and 16,358,995 common shares, respectively, would have been included in the computation of diluted earnings per common share, to the extent they were not antidilutive.

The unaudited pro forma net loss per common share presented in Note 4 herein has been computed in the same manner as net loss per common share.

The weighted-average number of shares outstanding for purposes of presenting net loss per common share on a comparative basis has been retroactively restated to the earliest period presented to reflect the 2.66 to 1 exchange ratio in the reverse acquisition described in Note 4 herein.

Stock-Based Compensation

Stock-based compensation is recognized using the intrinsic value method in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees". For disclosure purposes, pro forma net loss and loss per common share data are provided in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as if the fair value method had been applied.

Restatement

Management determined that the valuation methodology utilized by eB2B in 1999 to ascribe fair value to warrants issued in connection with certain financing and other transactions, as well as to compensation related to certain employee stock options, should be revised. Upon further review, management determined that (i) the Black-Scholes option pricing model should have been used to estimate the respective fair value of such warrants, and (ii) the options issued to employees after commencement of merger discussions with DWeb on October 27, 1999 should have reflected the 2.66 to 1 exchange ratio in the Merger. As a result, the financial statements of eB2B as of December 31, 1999 and for the year then ended have been restated to reflect the utilization of the Black-Scholes pricing model and to give effect to the 2.66 to 1 exchange ratio in the Merger, where applicable. The effect of the restatement was to increase additional paid-in capital by $3,568,000, increase accumulated deficit by approximately $2,066,000, and increase unearned stock-based compensation by $1,502,000, resulting in no change to the total stockholders' equity as of December 31, 1999; and to increase the net loss attributable to common stockholders by $2,066,000, a non-cash charge, for the year ended December 31, 1999.

A summary of the effects of the restatement is as follows (in thousands except per share data):

<TABLE>
<CAPTION>

At December 31, 1999	As previously reported (1)	As restated
<S>	<C>	<C>
Common stock	$ 1	$ 1
Additional paid-in capital	63,932	67,500
Accumulated deficit	(35,604)	(37,670)
Unearned stock-based compensation	(320)	(1,822)
Stockholders' Equity	$ 28,009	$ 28,009

</TABLE>

<TABLE>
<CAPTION>

For the year ended December 31, 1999	As previously reported (1)	As restated
<S>	<C>	<C>
Stock-based compensation expense	$ 1,452	$ 2,686
Interest expense	2,360	3,192
Net loss	(6,054)	(8,120)
Net loss attributable to common stockholders	(35,496)	(37,562)
Basic and diluted net loss per common share	$ (5.39)	$ (5.70)

</TABLE>

(1) Recast to give effect to the Merger and certain reclassifications.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. SFAS No. 133 established accounting and reporting for derivative and for hedging activities. The Company intends to adopt SFAS No. 133 on January 1, 2001 in accordance with SFAS No. 137, which delayed the required implementation of SFAS No. 133 for one year. Additionally, in June 2000, SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an Amendment of SFAS No. 133" was issued. The Company expects the adoption of SFAS No. 133 and 138 in fiscal 2001, as well as the effect in subsequent periods, to be immaterial.

In March 2000, Emerging Issues Task Force ("EITF") No. 00-2, "Accounting for Web Site Development Costs", and EITF No. 00-3, "Application of AICPA Statement of Position 97-2 to Arrangements That Include the Right to Use Software Stored on Another Entity's Hardware", were issued. The Company adopted both EITF No. 002 and EITF No. 00-3, which did not have a material impact on the Company's consolidated financial statements.

NOTE 4. ACQUISITIONS

Netlan Enterprises, Inc.

On February 22, 2000, eB2B completed its acquisition of Netlan Enterprises, Inc. and subsidiaries ("Netlan"). Pursuant to the Agreement and Plan of Merger (the "Netlan Merger"), Netlan's stockholders exchanged 100% of their common stock for 46,992 shares of eB2B common stock (equivalent to 125,000 shares of Company common stock), valued at the market value of DWeb's common stock on January 7, 2000, the date at which the parties signed the letter of intent. Additionally, 75,188 shares of eB2B common stock (equivalent to 200,000 shares of Company common stock) were issued, placed into an escrow account, and may be released to certain former shareholders of Netlan upon successful completion of escrow requirements, including continued employment with the Company. The aggregate value of such shares, or $2,050,000, has been treated as stock-based compensation and is being amortized over the one-year vesting period from the date of acquisition. In connection with this acquisition, eB2B incurred transaction costs consisting primarily of professional fees of approximately $332,000, which have been included in the purchase price of the Netlan Merger. The purchase price was allocated to those assets acquired and liabilities assumed based on the estimated fair value of Netlan's net assets as of February 22, 2000. At that date, assets acquired and liabilities assumed had fair values that approximated their historic book values. A total of approximately $334,000 of the purchase consideration was allocated to other intangibles, including assembled workforce. The remaining purchase consideration,

or approximately $4,896,000, was recorded as goodwill. The results of operations of Netlan have been included in the Company's results of operations since March 1, 2000.

The following is a summary of the allocation of the purchase price in the Netlan Merger (in thousands):

Purchase price	$ 1,297
Acquisition costs	332
Total purchase price	$ 1,629
Historical net liabilities assumed	$(2,490)
Write-down of property and equipment, and intangible assets	(753)
Liabilities for restructuring and integration costs	(358)
Identifiable intangible assets	334
Goodwill	4,896
Total purchase price	$ 1,629

DynamicWeb Enterprises, Inc.

As described in Note 2 herein, the Merger of eB2B with and into DWeb was accounted for as a reverse acquisition, utilizing the purchase business combination method of accounting, in which eB2B acquired control of DWeb for accounting purposes and DWeb acquired eB2B for legal purposes. Each share of common stock of DWeb remained outstanding and each share of eB2B common stock was exchanged for the equivalent of 2.66 shares of DWeb's common stock. In addition, shares of eB2B preferred stock, warrants and options were exchanged for like securities of DWeb, reflective of the 2.66 to 1 exchange ratio.

The purchase price of the Merger was approximately $59.1 million, which primarily represents (i) the number of shares of DWeb's common stock outstanding as of April 18, 2000, the date of the Merger, valued based on the average quoted market price of DWeb's common stock in the three-day period before and after December 1, 1999, the date at which the parties signed the definitive merger agreement, or $31.9 million; (ii) the number of shares of DWeb's common stock issuable under existing stock option and warrant agreements as of April 18, 2000 valued using the Black-Scholes option pricing model, or $6.4 million; (iii) the aggregate market value of the shares of common stock and warrants principally issued to a financial advisor (the "Financial Advisor"), or $10.2 million; and (iv) the market value of warrants issued to the Financial Advisor in consideration for the advisory services rendered during the Merger, or $10.1 million. In connection with this acquisition, eB2B also incurred transaction costs consisting primarily of professional fees of approximately $363,000, which have been included in the purchase price of the Merger. The purchase price was allocated to those assets acquired and liabilities assumed based on the

estimated fair value of DWeb's net assets as of April 18, 2000. At that date, assets acquired and liabilities assumed had fair values that approximated their historic book values. A total of approximately $2.9 million of the purchase consideration was allocated to other intangibles, including assembled workforce

and customer list. Also, the Company recorded liabilities totaling $1.0 million principally in relation to severance provided to certain employees as well as the settlement of a claim existing at the time of the Merger. The remaining purchase consideration, or $58.1 million, was recorded as goodwill. The results of operations of DWeb have been included in the Company's results of operations since April 19, 2000.

The following is a summary of the allocation of the purchase price in the acquisition of DWeb (in thousands):

Purchase price	$ 58,724
Acquisition costs	363
Total purchase price	$ 59,087
Historical net assets acquired	$ 10
Write-down of property and equipment, and intangible assets	(838)
Liabilities for restructuring and integration costs	(1,047)
Identifiable intangible assets	2,902
Goodwill	58,060
Total purchase price	$ 59,087

At December 31, 2000, accumulated amortization related to the goodwill and other intangibles acquired in the Netlan and DWeb acquisitions totaled approximately $9.8 million.

The following represents the summary unaudited pro forma condensed consolidated results of operations for the years ended December 31, 2000 and 1999 as if the acquisitions had occurred at the beginning of each of the periods presented (in thousands, except per share data):

	Year Ended December 31, 2000	Year Ended December 31, 1999
Revenue	$7,073	$7,735
Net loss attributable to common stockholders	(48,705)	(67,494)
Basic and diluted net loss per common share	(3.77)	(5.75)

For the purpose of presenting pro forma condensed consolidated results of operations for the twelve-month period ended December 31, 1999, the Company excluded Netlan's computer network design, consulting, implementation, integration, procurement and support activities that had been discontinued on October 31, 1999. For the year ended December 31, 1999, the loss from these subsequently discontinued operations was approximately $772,000 and revenue was approximately $6,127,000.

The pro forma results are not necessarily indicative of what would have occurred if the acquisitions had been in effect for the periods presented. In addition the pro forma results

are not necessarily indicative of the results that will occur in the future and do not reflect any potential synergies that might arise from combined operations.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31 (in thousands):

	2000	1999
Computer and communications equipment	$ 2,420	$ 193
Purchased software	2,914	-
Office equipment and furniture	614	2
Leasehold improvements	226	-
	6,174	195
Accumulated depreciation and amortization	(1,902)	(28)
	$ 4,272	$ 167

As of December 31, 2000, the cost of assets under capital leases, principally computer and communications equipment, was approximately $725,000. The net book value of such assets was approximately $367,000.

NOTE 6. ACCRUED EXPENSES & OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following as of December 31 (in thousands):

	2000	1999
Accrued software development costs	$2,439	$ 258
Accrued severance	748	-
Accrued professional fees	559	292
Accrued compensation and related costs	467	488
Current maturities of capital lease obligations	191	-
Other	488	17
	$4,892	$1,055

During April 2001, the Company renegotiated approximately $2.0 million of accrued expenses and other current liabilities outstanding as of December 31, 2000 with several of its vendors. The vendors agreed to accept a 25% payment to be made within 30 days and common stock for the remaining 75% of such balance. The Company owes approximately $0.2 million of related sales tax, which will be paid upon issuance of the common stock.

NOTE 7. LONG-TERM DEBT

In February 2000, eB2B obtained a $2,500,000 term loan from a bank (the "Bank"). The term loan has a term of three years, is interest-only until December 1, 2000, and bears interest at a rate equal to LIBOR plus 1%. Beginning December 1, 2000, the term loan required ten quarterly principal payments of $250,000. The proceeds from the term loan were primarily used to refinance the $2,116,000 debt of Netlan paid by eB2B in connection with the Netlan Merger.

At December 31, 2000, the maturity of long-term debt is as follows (in thousands):

2001	$1,000
2002	1,000
2003	250

Total	$2,250

</TABLE>

The Company has obtained a $1,250,000 line of credit with the Bank, which secures $1,178,000 of letters of credit that are outstanding at December 31, 2000. As of December 31, 2000, there was no amount outstanding under the line of credit. The Company has pledged a custodial cash account with the Bank as security on the term loan and line of credit. The Company is required to maintain a minimum balance of approximately 111% of the outstanding term loan and the line of credit at all times. As of December 31, 2000, the required balance was $3,889,000. As of April 2, 2001, the $2,250,000 outstanding balance of the term loan was repaid in full using cash held the custodial cash account. As a result, the required balance in the custodial cash account as of April 2, 2001 was reduced to $1,389,000.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Leases and other commitments

The Company has several capital leases with various financial institutions for computer and communications equipment used in operations with lease terms ranging from 2 to 3 years. Also, during the third quarter of 2000, the Company entered into a lease for new office space that will expire in 2007. According to the terms of the lease agreements, the Company is required to maintain letters of credit in the aggregate amount of $1,178,000. The line of credit with the Bank secures such letters of credit.

Future minimum rental commitments under noncancellable leases as of December 31, 2000 were as follows (in thousands):

<TABLE>
<CAPTION>

	Capital leases	Operating leases
2001	$ 233	$ 1,467
2002	133	1,192
2003	111	1,162
2004	-	1,166
2005	-	1,175
Thereafter	-	1,567
Total	$ 477	$ 7,729
Less: amounts representing interest	74	
Less: current maturities	191	
Long-term capital lease obligations	$ 212	

</TABLE>

Employment agreements

The Company maintains employment agreements with one director and four of its officers. These employment agreements provide for (i) minimum annual base salaries of $950,000 in the aggregate, and (ii) minimum bonuses totaling $265,000 for each year of employment of these four individuals.

Severance agreements

An officer and director resigned as Executive Vice President, effective September 30, 2000, and as member of the Board of Directors, effective December

31, 2000. In connection with his resignation as an officer of the Company, the Company signed an agreement, which provides that (i) he will be paid an aggregate of $270,000 in semi-monthly installments between September 30, 2000 and September 30, 2003, (ii) his options will become exercisable in accordance with their initial terms, and (iii) the Company will provide him with certain benefits, as defined in the agreement. In relation with this obligation, the Company recorded a severance accrual and a general and administrative expense of $327,000 for the year ended December 31, 2000.

An officer and director resigned as Executive Vice President and Chief Technology Officer, effective September 1, 2000, and as a member of the Board of Directors, effective December 31, 2000. In connection with his resignation, the Company signed an agreement, which provides that (i) he will be paid an aggregate of $205,000 in semi-monthly installments between September 1, 2000 and December 31, 2001, (ii) his options will become exercisable in accordance with their initial terms, and (iii) the Company will provide him with certain benefits, as defined in the agreement. In relation with this obligation, the Company recorded a severance accrual and a general and administrative expense of $241,000 for the year ended December 31, 2000.

The former Chief Executive Officer of DWeb resigned effective April 18, 2000 upon consummation of the Merger. In connection with his resignation, the Company signed an agreement with this individual, which provides for installments in the aggregate of $215,000 payable monthly between May 1, 2000 and October 31, 2001. In relation with this obligation, the Company recorded a $215,000 severance accrual, which was included in the purchase price of the Merger.

The former President and Chief Operating Officer of DWeb resigned effective August 1, 2000. Based on a change in control provision in his employment agreement with DWeb,

the Company signed an agreement, which provides for installments in the aggregate of $450,000 payable semi-monthly between August 1, 2000 and September 30, 2002. In relation with this obligation, the Company recorded a $517,000 severance accrual, which was included in the purchase price of the Merger.

Litigation

The Company is party to certain legal proceedings and claims, which arise in the ordinary course of business. In the opinion of management, the amount of an ultimate liability with respect to these actions will not materially affect the financial position, results of operations or cash flows of the Company.

In October 2000, Cintra Software & Services Inc. ("Cintra") commenced a civil action against the Company in New York Supreme Court, New York County. The complaint alleges that the Company acquired certain software from Cintra upon the authorization of the Company's former Chief Information Officer. Cintra is seeking damages of approximately $856,000. While the actions are at an early stage, the Company believes it has meritorious defenses to the allegations made in the complaint and intends to vigorously defend the action.

On March 2, 2001, a former employee commenced a civil action against the Company and two members of its management in the Supreme Court of the State of New York, County of New York, seeking, among other things, compensatory damages in the amount of $1.0 million and additional punitive damages of $1.0 million for alleged defamation in connection with his termination by the Company, as well as a declaratory judgment concerning his alleged entitlement to stock options to purchase 75,000 shares of the Company's common stock. The Company has not yet responded to the Complaint and no discovery has commenced. The Company disputes these claims and intends to vigorously defend the action.

NOTE 9. PREFERRED STOCK

In April 1999, eB2B authorized 2,000 shares of Series A Convertible Preferred Stock ("Series A") with a par value of $.0001 per share, and issued 300 shares of Series A for $300,000. Each share of Series A is convertible into the number of shares of common stock by dividing the purchase price for the Series A by the conversion price in effect resulting in approximately 399,000 shares of Company common stock. The Series A have antidilution provisions, which can change the conversion price in certain circumstances if additional shares of common stock were to be issued by the Company. The holders have the right to convert the shares of Series A at any time into common stock. Upon liquidation, dissolution or winding up of the Company, the holders of the Series A are entitled to receive $1,000 per share plus any accrued and unpaid dividends before distributions to any holder of the Company's common stock. As of December 31, 2000, 293 shares of Series A issued in April 1999 had been converted into

389,690 shares of Company common stock.

In December 1999, eB2B authorized 4.0 million shares of Series B Convertible Preferred Stock ("Series B") with a par value of $.0001 per share, and issued approximately 3.3 million shares for $33.0 million in gross proceeds ($29.4 million in net proceeds), in a private placement conducted by eB2B. Each share of Series B is convertible into the number of shares of common stock that results from dividing the purchase price by the conversion price per share in effect resulting in approximately 16.0 million shares of Company common stock valued at $124.4 million based on the average quoted market price of DWeb's common stock in the three-day period before and after December 1, 1999, the date at which the parties signed the definitive merger agreement. As this value was significantly greater than the net proceeds received in the private placement of Series B preferred stock, the net proceeds received were allocated to the convertible feature and amortized as a deemed dividend on preferred stock, resulting in a corresponding charge to retained earnings and a credit to additional paid-in capital within the stockholders' equity as of December 31, 1999. The Series B have antidilution provisions, which can change the conversion price in certain circumstances if additional shares of common stock were to be issued by the Company. The holders have the right to convert the shares of Series B at any time into common stock. Upon liquidation, dissolution or winding up of the Company, the holders of the Series B are entitled to receive $10.00 per share plus any accrued and unpaid dividends before distributions to any holder of the Company's common stock. As of December 31, 2000, 496,801 shares of Series B issued in December 1999 had been converted into 2,402,710 shares of Company common stock.

In the event the Company declares a cash dividend on the common stock, the Company will at the same time, declare a dividend to the Series A and B stockholders equal to the dividend which would have been payable if the Series A and B stock had been converted into common stock. The holders of the Series A and B are entitled to one vote for each share of the Company's common stock into which such share of Series A and B is then convertible. In addition, upon any liquidation of the Company, holders of shares of Series A and Series B shall be entitled to payment of the purchase price before distributions to any holder of the Company's common stock.

NOTE 10. COMMON STOCK AND WARRANTS

As of December 31, 2000, there were 15,384,015 shares of our common stock issued and outstanding. The Company's common stock is currently listed on The Nasdaq SmallCap Market under the trading symbol "EBTB". Holders of the Company's common stock are entitled to one vote for each share owned on all matters submitted to a vote of stockholders. Although the Company currently does not anticipate paying any cash dividend for the foreseeable future, holders of the Company's common stock are entitled to receive cash dividends, if any, declared by our board of directors out of funds legally available therefore, subject to the rights of any holders of preferred stock. Holders of the Company's common stock do not have subscription, redemption, conversion or preemptive rights. Each share of common stock is entitled to participate pro rata in any distribution upon liquidation, subject to the rights of holders of preferred stock.

In September 1999, eB2B signed a letter of intent with the Financial Advisor to raise capital in a private placement offering of the Company's securities. In October 1999, in anticipation of eB2B's Series B preferred stock private placement offering, the Financial Advisor arranged for $1,000,000 in bridge financing for eB2B until the private placement offering commenced. The bridge financing consisted of convertible notes, in the aggregate, of $1,000,000, which automatically converted into units offered in the private placement offering based on the face value of the bridge notes, and warrants to purchase up to 717,409 shares of eB2B common stock (equivalent to 1,908,308 shares of Company common stock), exercisable at $4.00 per share ($1.50 reflective of the 2.66 to 1 exchange ratio in the Merger) for a period of seven years (the "Bridge Financing Warrants"). The Bridge Financing Warrants were valued using the Black-Scholes option pricing model at approximately $3,178,000 and were expensed in 1999 as interest in eB2B's statement of operations when the bridge financing was

liquidated.

In December 1999, eB2B issued to the Financial Advisor, for services relating to the private placement, warrants to purchase 1,482,600 shares of eB2B common stock (equivalent to 3,943,716 shares of Company common stock) at an exercise price of $5.50 per share ($2.07 reflective of the 2.66 to 1 exchange ratio in the Merger) for a period of five years (the "Private Placement Fees"). Also, investors in the Series B preferred stock private placement offering received warrants to purchase an aggregate of 1,500,048 shares of eB2B common stock (equivalent to 3,990,128 shares of Company common stock) with similar terms (the "Private Placement Investors"). The Private Placement Fees and the Private Placement Investors were valued utilizing the Black-Scholes option pricing model at approximately $52,284,000.

In connection with certain salaries and various legal and consulting services rendered during 1999, eB2B issued 148,000 shares of common stock (equivalent to 393,680 shares of Company common stock) and 188,500 warrants to purchase shares of common stock (equivalent to 501,410 shares of Company common stock), respectively. The warrants are exercisable for a period of five years at prices ranging from $0.50 to $5.50 ($0.19 to $2.07 reflective of the 2.66 to 1 exchange ratio in the Merger) per share (the "Consulting Warrants"). The shares of common stock issued in lieu of salaries were valued at $228,000, and expensed as stock-based compensation in eB2B's statement of operations in 1999. The Consulting Warrants were valued using the Black-Scholes option pricing model at approximately $1,029,000, and charged to stock-based compensation in eB2B's statement of operations in 1999.

A principal and the Chief Executive Officer of the Financial Advisor is a director of the Company. Under an agreement between the Financial Advisor and eB2B, upon completion of the Merger with DWeb on April 18, 2000, the Financial Advisor received a finder's fee equal to 3% of the total number of shares received by eB2B stockholders in the Merger. The fee was paid in the form of 720,282 shares of Company common stock and seven-year warrants to purchase 502,383 of such shares at an exercise price of $2.07 per share (the "Finder's Warrants"). The shares of common stock were valued at the fair market of the DWeb stock on April 18, 2000, the date of the Merger and the Finder's Warrants have

been valued using the Black-Scholes option pricing model.The aggregate value of the shares of common stock and warrants, or $10.2 million, was included in the purchase price of the Merger.

In November 1999, eB2B issued the Financial Advisor five-year warrants to purchase 470,000 shares of eB2B common stock (equivalent to 1,250,200 shares of Company common stock) at an exercise price of $5.50 per share (equivalent to $2.07 per share of Company common stock) in consideration for the advisory services rendered during the Merger (the "Advisory Warrants"). The Advisory Warrants vested upon completion of the Merger on April 18, 2000 and have been included in the purchase price of the Merger, along with 30,000 additional warrants to purchase shares of eB2B common stock with similar terms (equivalent to 79,800 shares of Company common stock) granted to a Board member and his affiliate, for an aggregate value of approximately $10.1 million using the Black-Scholes option pricing model.

On April 18, 2000, the number of shares of DWeb's common stock issuable under existing warrants agreements became warrants to purchase shares of Company common stock. As of December 31, 2000, 410,772 of such warrants were outstanding.

In 2000, the Company issued 300,000 warrants to purchase shares of Company common stock at an exercise price of $3.91 per share to a business partner, which vest in three equal installments, on each of the annual anniversary of the warrant agreement date (the "Business Partner Warrants"). The Business Partner Warrants have been valued at $900,000 using the Black-Scholes option pricing model and their value will be amortized ratably over three years. During the year ended December 31, 2000, the Company recognized business partner warrant expenses in the amount of $89,000, which have been classified as stock-based compensation expense in the Company's consolidated statement of operations.

The assumptions used by the Company in determining the fair value of the above warrants were as follows: dividend yield of 0%, risk-free interest rate of 6.0% and 6.5% in 1999 and 2000, respectively, expected volatility of 80%, and expected life of 3 to 7 years depending on the actual life of the respective warrants.

The following table summarizes the status of the above warrants at December 31,

2000:

<TABLE>
<CAPTION>

	Warrants outstanding			Warrants exercisable
	Range of exercise price per share	Number of shares	Weighted average remaining life (in years)	Number of shares
<S>	<C>	<C>	<C>	<C>
Bridge Financing	$1.50	1,908,308	5.8	1,908,308
Private Placement Fees	$2.07	3,943,716	3.9	3,943,716

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>
Private Placement Investors	$2.07	3,990,128	3.9	3,990,128
Consulting	$0.19 to $2.07	501,410	3.6	501,410
Finder's	$2.07	502,383	6.3	502,383
Advisory	$2.07	1,330,000	3.8	1,330,000
DWeb	$1.00 to $9.90	410,772	6.0	410,772
Business Partner	$3.91	300,000	6.8	-
Total		12,886,717		12,586,717

</TABLE>

NOTE 11. STOCK OPTION AND DEFINED CONTRIBUTION PLANS

Stock options plans

The Company has stock-based compensation plans under which outside directors, certain employees and consultants received stock options and other equity-based awards. The shareholders of the Company approved the 2000 stock option plan. All options outstanding under either eB2B's or DWeb's prior plans at the time of the Merger remained in effect, but the plans have been retired as of April 18, 2000, the date of the Merger. Stock options under the Company's 2000 stock option plan are generally granted with an exercise price equal to 100% of the market value of a share of common on the date of the grant, have 10 year terms and vest within 2 to 4 years from the date of the grant. Subject to customary antidilution adjustments and certain exceptions, the total number of shares of common stock authorized for option grants under the plan was approximately 10.0 million shares at December 31, 2000. At that date, approximately 5.7 million shares were available for grant.

In connection with the Merger, outstanding options held by DWeb employees became exercisable, according to their terms, for Company common stock effective at the acquisition date. These options did not reduce the shares available for grant under the 2000 stock option plan. The fair value of these options, valued using the Black-Scholes pricing model, was included in the purchase price of the Merger. There were no unvested options held by employees of companies acquired in a purchase combination.

The former Chief Executive Officer and current Chairman of the Board of Directors of the Company was granted options to purchase 500,000 shares of eB2B common stock (equivalent to 1,330,000 shares of Company common stock) at an exercise price of $5.50 per share (equivalent to $2.07 per share of Company common stock). These options vested upon the completion of the Merger on April 18, 2000. In connection with such options, the Company recorded a one-time charge classified as stock-based compensation expense of approximately $8.8

million in the year ended December 31, 2000.

In connection with certain consulting services rendered during 2000, the Company granted 65,000 stock options in exchange for services. These options were valued, utilizing the Black-Scholes option pricing model, at approximately $70,000, of which $36,000 was charged to stock-based compensation expense in the year ended December 31, 2000. The assumptions used by the Company in determining the fair value of these options were consistent with the assumptions described in Note 10, Common Stock and Warrants.

The Company has adopted the disclosure requirements of SFAS No. 123 and, as permitted under SFAS 123, applies APB 25 and related interpretations in accounting for its plans. Compensation expense recorded under APB 25 was approximately $16.0 and $2.7 million for the years ended December 31, 2000 and 1999, respectively. If the Company had elected to adopt optional recognition provisions of SFAS 123 for its stock option plans, net loss and net loss per share would have been changed to the pro forma amounts indicated below (in thousands, except per share data):

	Years ended December 31,	
	2000	1999
Net loss attributable to common stockholders		
As reported	$ (41,335)	$ (37,562)
Pro forma	$ (50,909)	$ (38,070)
Net loss per common share - basic and diluted		
As reported	$ (3.61)	$ (5.70)
Pro forma	$ (4.44)	$ (5.78)

The fair value of stock options used to compute pro forma net loss and net loss per common share disclosures is the estimated fair value at grant date using the Black-Scholes pricing model with the following assumptions:

Weighted-Average Assumptions	2000	1999
Dividend yield	0 %	0 %
Expected volatility	80%	80%
Risk-free interest rate	6.5%	6.0%

Presented below is a summary of the status of the Company employee and director stock options and the related transactions for the years ended December 31, 2000 and 1999:

	Shares (in thousands)	Weighted Average Exercise Price Per Share
Options outstanding at January 1, 1999	-	-
Granted	2,048	$ 0.78
Exercised	-	-
Forfeited/expired	-	-
Options outstanding at January 1, 2000	2,048	$ 0.78
Granted/assumed (1)	7,784	$ 2.78
Exercised	81	$ 2.69
Forfeited/expired	1,143	$ 2.64
Options outstanding at December 31, 2000	8,608	$ 2.32

</TABLE>

(1) Includes options converted in DWeb acquisition.

Defined contribution plan

The Company has a defined contribution savings plan (the "Plan"), which qualifies under Section 401(k) of the Internal Revenue Code. Participants may contribute up to 20% of their gross wages, not to exceed, in any given year, a limitation set by Internal Revenue Service regulations. The Plan provides for discretionary contributions to be made by the Company as determined by its Board of Directors. The Company has not made any contributions to the Plan.

NOTE 12. INCOME TAXES

The components of the net deferred tax asset as of December 31, 2000 and 1999 consist of the following (in thousands):

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Deferred tax assets:		
Net operating loss carryforwards................	$ 6,900	$ 1,292
Stock-based compensation........................	7,500	--
Capitalized start-up expenditures..............	--	1,069
	14,400	2,361
Deferred tax liability:		
Research and development........................	--	278
	14,400	2,083
Valuation allowance............................	(14,400)	(2,083)
Net deferred tax asset..........................	$ --	$ --

</TABLE>

Deferred income taxes reflect the net effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Due to the uncertainty on the Company's ability to realize the benefit of the deferred tax assets, the deferred tax assets are fully offset by a valuation allowance at December 31, 2000 and 1999.

As of December 31, 2000, the Company had approximately $20.0 million of net operating loss carryforwards for federal income tax purposes. These carryforwards will begin expiring in 2019 if not utilized.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes. The sources and tax effects of the differences are as follows (in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,	
<S>	2000 <C>	1999 <C>
Federal income tax at statutory rate	$(14,000)	$(2,700)
State income tax, net of federal benefit	(2,400)	(500)
Non deductible expenditures including goodwill amortization and other	4,083	1,117
Change in valuation allowance	12,317	2,083
Income tax as recorded	$ -	$ -

</TABLE>

NOTE 13. SEGMENT REPORTING

The Company has two reportable operating segments. The Company utilizes proprietary software to provide a technology platform for large buyers and large suppliers to transfer business documents via the Internet to their small and medium-sized trading partners. The Company also offers professional services, which provide consulting expertise to the same client base, as well as to other businesses that prefer to operate or outsource the transaction management and document exchange of their business-to-business relationships. The Company's transaction processing technology platform and professional services make up one reportable segment defined as "transaction processing and related services." In addition, the Company designs and delivers custom technical education through delivery of custom computer and Internet-based on line training seminars. This second reportable segment is defined as "training and client educational services."

The following information is presented in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which established standards

for reporting information about operating segments in the Company's financial statements (in thousands):

<TABLE>
<CAPTION>

	Year Ended December, 31	
	2000	1999
<S>	<C>	<C>
Revenue from external customers		
Transaction processing and related services	$ 3,039	$ -
Training and client educational services	2,429	-
	$ 5,468	$ -
EBITDA (1)		
Transaction processing and related services	$(13,467)	$(1,435)
Training and client educational services	363	-
EBITDA	(13,104)	(1,435)
Depreciation and amortization	(13,143)	(807)
Stock-related compensation	(16,027)	(5,864)
Interest	939	(14)
Net Loss	$(41,335)	$(8,120)
Identifiable assets		
Transaction processing and related services	$ 15,201	$29,064
Training and client educational services	1,310	-
Corporate, mainly goodwill and other intangibles	56,708	-
	$ 73,219	$29,064
Capital expenditures, including product development		
Transaction processing and related services	$ 5,892	$ 1,335
Training and client educational services	41	-
	$ 5,933	$ 1,335

</TABLE>

(1) EBITDA is defined as net income (loss) adjusted to exclude: (i) provision (benefit) for income taxes, (ii) interest income and expense, (iii) depreciation, amortization and write-down of assets, (iv) stock-related compensation.

EBITDA is presented because management considers it an important indicator of the operational strength and performance of its business. The Company evaluates the performance of its operating segments without considering the effects of (i) debt financing interest expense and investment interest income, and (ii) non-cash charges related to depreciation, amortization and stock-related compensation, which are managed at the corporate level.

NOTE 14. SUBSEQUENT EVENTS

On April 16, 2001, the Company received additional financing of $7.5 million in the form of a convertible note and an irrevocable line of credit. Such note is redeemable in cash or common stock of the Company commencing October 1, 2001. The Company's intention is to redeem such note, if called, with the issuance of common stock. In connection with such financing, the Company incurred a cash fee on the convertible note amounting to 10% of the gross proceeds and a cash fee on the line of credit, amounting to 3% of amount drawn upon, if any, and issued warrants with a strike price of $0.93 a share. In addition, the Company has issued approximately 1.9 million shares of common stock in settlement of certain vendor payables.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

On April 18, 2000, eB2B merged with and into DWeb. Prior to the merger, eB2B's independent accountants were Ernst & Young LLP and DWeb's independent accountants were Richard A. Eisner & Company, LLP ("Richard Eisner").

Effective July 12, 2000, the Company engaged Deloitte & Touche LLP as independent accountants to audit the Company's financial statements for the year ended December 31, 2000 and, consequently, ended the engagement of Richard Eisner, the SEC registrant's independent accountants. Such actions were approved by the Company's Board of Directors as of June 28, 2000. Richard Eisner neither resigned nor declined to stand for re-election. The reports of Richard Eisner on DWeb`s financial statements for each of the past two fiscal years contained no adverse opinion or disclaimer of opinion, and were not modified as to uncertainty, audit scope, or accounting principles, except for their report, dated November 19, 1999 and related to the financial statements of DWeb for the years ended September 30, 1999 and 1998, which contained an explanatory paragraph regarding substantial doubt that existed in relation to DWeb's ability to continue as a going concern. This explanatory paragraph was unrelated to the Company's decision to terminate its engagement with Richard Eisner. The Company had no disagreements with Richard Eisner on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Richard Eisner's satisfaction, would have caused them to make reference to the subject matter of such disagreement in connection with their report.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act

Executive officers and directors

The following table sets forth certain information regarding the directors and executive officers of the Company:

<TABLE>
<CAPTION>

Name	Age	Position

- ----	---	--------
<S>	<C>	<C>
Peter J. Fiorillo	41	President and Chairman of the Board of Directors
Alan J. Andreini	54	Chief Executive Officer
Victor L. Cisario	39	Chief Financial Officer, Treasurer
John J. Hughes, Jr.	47	Executive Vice President, Corporate Development, General Counsel and Secretary
Steven Rabin	46	Chief Technology Officer
Daniel G. Lannon	43	Executive Vice President, Business Development
Michael S. Falk	38	Director
Timothy P. Flynn	49	Director
Jack Slevin	64	Director

</TABLE>

Peter J. Fiorillo co-founded eB2B in November 1998. He served as President, Chief Executive Officer and Chairman of the Board of Directors of eB2B from November 1998 until April 18, 2000, and, upon completion of the merger with DWeb, assumed those positions with the Company until November 2000. In November 2000, he relinquished his positions as Chief Executive Officer and President of the Company and remained as Chairman of the Board. In April 2001, he was reappointed President. He was a director of eB2B since its inception until the merger with DWeb, and has since been a director of the Company. From January 1991 until October 1998, Mr. Fiorillo held various positions with FIND/SVP, Inc., a publicly held consulting and business advisory company, including Executive Vice President from November 1994 to October 1998.

Alan J. Andreini joined the Company in July 2000 as Executive Chairman. He served as Executive Chairman from July 2000 to November 2000. Between November 2000 and April 2001, he has served as President and Chief Executive Officer. Since April 2001, he has served as Chief Executive Officer. Prior to joining the Company, from April 1997 to June 2000, Mr. Andreini was successively President and Chief Operating Officer, Chief Executive Officer and Vice Chairman of InterWorld Corporation, a public company and a leading provider of e-commerce software solutions. Previously, Mr. Andreini was Executive Vice President and a member of the Office of the President of Comdisco Inc., a public company engaged

in technology services. Mr. Andreini joined Comdisco Inc. in 1978, and was named Senior Vice President in 1986 and Executive Vice President in 1994.

Victor L. Cisario has been Chief Financial Officer and Treasurer since April 18, 2000, the date of the merger of DWeb and eB2B. Prior to the merger, Mr. Cisario was eB2B's Chief Financial Officer and Treasurer since January 2000. He served as Secretary of the Company from April 2000 to June 2000. From March 1995 to December 1999, Mr. Cisario held various positions with FIND/SVP, Inc. serving as Vice President and Chief Financial Officer from October 1998 until December 1999, Vice President and Controller from January 1997 to October 1998 and Controller from March 1995 to January 1997.

John J. Hughes, Jr. has been Executive Vice President, Corporate Development, General Counsel and Secretary since June 2000. Prior to joining the Company, Mr. Hughes was a partner at Moskowitz, Altman & Hughes, a New York based law firm, for 13 years.

Steven Rabin joined the Company in November 2000 and serves as Chief Technology Officer. Prior to joining the Company, Mr. Rabin was the Chief Technology Officer for InterWorld Corporation from May 1997 to September 2000. From February 1995 to May 1997, Mr. Rabin worked as Chief Technologist at Logility, Inc., a division of American Software Inc., a publicly held company, where he designed and developed a variety of supply chain management and business-to-business e-commerce solutions.

Daniel G. Lannon joined the Company in March 2001 and serves as Executive Vice President, Business Development and Strategic Alliances. Prior thereto, Mr. Lannon was Vice President of Alliances for InterWorld Corporation from April 2000 to March 2001. From July 1998 to April 2000, Mr. Lannon was Director of Business Development for Healtheon Web/MD, an e-commerce firm in Santa Clara, California. From February 1981 until July 1998, Mr. Lannon held a variety of management positions in the IBM Corporation in business development, sales, and marketing.

Michael S. Falk has been a member of the Company's board of directors since the merger with DWeb, and prior to the merger was a director of eB2B since January 2000. Mr. Falk is the co-founder, chairman and chief executive officer of Commonwealth Associates, L.P., a New York-based merchant bank and investment bank. Mr. Falk is also a member of the board of directors of FutureLink Corporation, a publicly held application service provider.

Timothy P. Flynn has been a member of the Company's board of directors since the merger with DWeb, and prior to the merger was a director of eB2B since January 2000. Mr. Flynn is a principal of Flynn Gallagher Associates, LLC. Mr. Flynn is also a member of the boards of directors of FutureLink Corporation and MCG Communications, Inc., a publicly held telecommunications company. Mr. Flynn has served on the board of directors of PurchasePro.com, Inc., a publicly held business-to-business e-commerce company. From 1993 until 1997, Mr. Flynn served as a director of ValuJet Airlines. Prior to that, he served as a senior executive and director of WestAir Holdings, Inc., a

company, which operated WestAir, a California-based commuter airline affiliated with United Airlines.

Jack Slevin has been a member of the Company's board of directors since June 2000. From June 1995 until his retirement in January 1999, Mr. Slevin was the Chairman and Chief Executive Officer of Comdisco Inc. From October 1994 to June 1995, Mr. Slevin was Chief Operating Officer at Comdisco Inc. and from January 1993 to October 1994, he was Executive Vice President of North American Sales at Comdisco Inc. He became a member of the Office of the President when it was created in 1992 and was a member of Comdisco Inc.'s board of directors from 1979 until January 1999.

All of the above directors will hold office until the next annual meeting of the stockholders and until their successors have been duly elected and qualified. All of the above executive officers serve at the discretion of the Company's board of directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) ("Section 16(a)") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires executive officers and directors and persons who beneficially own more than ten percent (10%) of the Company's common stock to file initial reports of ownership on Form 3 and reports of changes in ownership on Form 4 with the Securities and Exchange Commission.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the executive officers and directors, the Company believes that all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten per cent (10%) beneficial owners were satisfied.

Item 10. Executive Compensation

The following table provides information concerning the annual and long-term compensation earned or paid to the Company's Chief Executive Officer and to each of its most highly compensated executive officers other than the Chief Executive Officer, whose compensation exceeded $100,000 during 2000 (the "named executive officers"). For the period prior to April 18, 2000, the date of the merger of DWeb and eB2B, the following table includes compensation earned at eB2B, but excludes the compensation earned or paid to DWeb's executives.

<TABLE>
<CAPTION>

		Annual Compensation		Long-Term Compensation	
Name and Principal Position	Year	Salary	Bonus	Restricted Stock Award	Number of Securities Underlying Options
<S>	<C>	<C>	<C>	<C>	<C>
Peter J. Fiorillo, President	2000	$219,000	$ 50,000	-	-

	1999	$195,000(1)	$110,000		1,995,000
Alan J. Andreini, CEO (2)	2000	$112,500	-	-	1,500,000
Victor L. Cisario, CFO	2000	$150,000	$ 50,000	-	266,000
John J. Hughes, General Counsel(3)	2000	$102,000	$110,000(6)	-	266,000
Steve Rabin, CTO(4)	2000	$ 61,500(5)	$ 72,500(7)	50,000	550,000

</TABLE>

(1) From January 1, 1999 to September 30, 1999, eB2B elected, in accordance with the right it was granted under each employment agreement, to accrue the base salary for each of the executive officers of eB2B. In January 2000, the accrued salary for each officer (which represented approximately seventy-five percent (75%) of the total salary for each officer) was converted at the election of the officers, into common stock of eB2B at $5.50 per share.

(2) Mr. Andreini commenced employment with the Company in July 2000.

(3) Mr. Hughes commenced employment with the Company in June 2000.

(4) Mr. Rabin commenced employment with the Company in November 2000.

(5) Includes $32,500 paid as consulting fees to a company whose majority-shareholder is Mr. Rabin.

(6) Includes a $35,000 signing bonus.

(7) Includes a $50,000 signing bonus.

The following table provides information concerning individual grants of stock options made during 2000 to each named executive officer of the Company. For the period prior to April 18, 2000, the date of the merger of DWeb and eB2B, the following table includes options granted at eB2B.

<TABLE>
<CAPTION>

Name	Number of Securities Underlying Options	Percent of Total Options Granted to Employees in 2000	Exercise Or Base Price (in $ per Share)	Expiration date
<S>	<C>	<C>	<C>	<C>
Peter J. Fiorillo	-	-	-	-
Alan J. Andreini	1,500,000	26.7%	$3.25	July 2010
Victor L. Cisario	266,000	4.7%	$2.07	January 2010
John J. Hughes	266,000	4.7%	$2.07	June 2010
Steve Rabin	550,000	9.8%	$2.10	November 2010

</TABLE>

The following table provides information concerning the exercise of stock options during 2000, and the value of unexercised options owned, by each named executive officer of the Company.

<TABLE>
<CAPTION>

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options (1)		Value of Unexercised In-The-Money Options (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Peter J. Fiorillo	-	-	1,995,000	-	$373,750	-
Alan J. Andreini	-	-	1,500,000	-	-	-
Victor L. Cisario	-	-	177,000	89,000	-	-
John J. Hughes	-	-	266,000	-	-	-
Steve Rabin	-	-	315,000	235,000	-	-

</TABLE>

(1) Includes ownership of options as of December 31, 2000.
(2) Based on closing price of the Company's common stock as reported on Nasdaq on December 29, 2000.

The Company and Peter J. Fiorillo, the Company's President and Chairman of the Board of Directors, are parties to an employment agreement, dated December 1, 1998. The initial term of the agreement expires in December 2002, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement provides for an annual base salary of $225,000 with a minimum annual bonus of $50,000. Under the terms of the agreement, if Mr. Fiorillo's employment is terminated by the Company for reasons other than "cause" (as defined in the agreement), or in the event of a "change of control" (as defined in the agreement) involving the Company, the Company is required to pay Mr. Fiorillo an amount equal to the greater of four times his annual base salary, or two and one half times his annual base salary and bonus. The payments are to be made over a one-year period following the date of the event that resulted in the termination of employment or the "change of control." In the event of a termination of employment other than for "cause" or in the event of a "change of control", the Company is also required to provide Mr. Fiorillo with office space and secretarial services for a period of two years.

The Company and Alan J. Andreini, the Company's Chief Executive Officer, are parties to an employment agreement, dated effective as of July 1, 2000. The initial term expires on June 30, 2002, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement provides for an annual base salary of $225,000. In the event the agreement is terminated for reasons other than "cause" (as defined in the agreement), the Company is required to pay Mr. Andreini an amount equal to his annual base salary, with such sum payable over a period of one year.

The Company and Steven Rabin, the Company's Chief Technology Officer, are parties to an employment agreement, dated effective as of October 31, 2000. The initial term expires on December 31, 2002, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement permits Mr. Rabin to determine the allocation of his business time between the Company's offices and his home in Martha's Vineyard, MA. The agreement provides for an annual base salary of $175,000 and an annual minimum bonus of $90,000. In the event the agreement is terminated for reasons other than "cause" (as defined in the agreement), the Company is required to pay Mr. Rabin an amount equal to his annual base salary, with such sum payable over a period of one year.

The Company and Victor Cisario, the Company's Chief Financial Officer, are parties to an employment agreement, dated effective as of January 3, 2000. The initial term expires on June 30, 2002, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement provides for an annual base salary of $150,000 and an annual minimum bonus of $50,000. In the event the agreement is terminated for reasons other than "cause" (as defined in the agreement) or in the event of a "change of control" (as defined in the agreement) involving the Company, the

Company is required to pay Mr. Cisario an amount equal to one and one half times his annual base salary and bonus, with such sum payable over a period of one year.

The Company and John J. Hughes, Jr., the Company's Executive Vice President, Corporate Development and General Counsel, are parties to an employment agreement, dated effective as of June 1, 2000. The initial term expires on December 31, 2003, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement provides for an annual base salary of $175,000 and an annual minimum bonus of $75,000. In the event the agreement is terminated for reasons other than "cause" (as defined in the agreement) or in the event of a "change of control" (as defined in the agreement) involving the Company, the Company is required to pay Mr. Hughes an amount equal to one and one half times his base annual salary and bonus, with such sum payable over a period of one year.

The Company and Daniel G. Lannon, the Company's Executive Vice President, Business Development and Strategic Alliances, are parties to an employment agreement, dated effective as of March 4, 2001. The initial term expires on February 28, 2003, but the agreement automatically renews for successive one-year terms unless terminated by either party prior to renewal. The agreement provides for an annual base salary of $175,000 and an annual minimum bonus of $75,000. In the event the agreement is terminated for reasons other than "cause" (as defined in the agreement), the Company is required to pay Mr. Lannon an amount equal to his annual base salary, with such sum payable over a period of one year.

The Company's amended and restated certificate of incorporation provides that the Company will indemnify any person who is or was a director, officer, employee or agent of the Company to the fullest extent permitted by the New Jersey Business Corporation Act, and to the fullest extent otherwise permitted by law. The New Jersey law 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 New Jersey law) to the Company or its stockholders, (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 Company's amended and restated certificate of incorporation and the New Jersey law, no director or officer of the Company will be personally liable to the Company or to any of its stockholders for damages for breach of any duty owed to the Company or its stockholders, 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 New Jersey law) to the Company or its stockholders, (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 Company'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 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 Company 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 contendere or its equivalent will not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or that he or she had reasonable cause to believe his or her conduct was unlawful. Indemnification as provided in the bylaws will be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table shows the common stock owned by the Company's directors and executive officers and by persons known by us to beneficially own, individually, or as a group, more than 5% of our outstanding common stock as of December 31, 2000. Included for purposes of this table, as common stock, are shares of convertible preferred stock, which preferred shares have the equivalent voting rights of the underlying common shares. Such preferred shares are included to the extent of the number of underlying shares of common stock.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner (1)	Beneficial Ownership of Capital Stock (2)		Percent of Common Stock (3)
<S>	<C>	<C>	<C>
Alan J. Andreini...	1,555,556	(4)	5.10%
Victor L. Cisario..	199,500	(4)	0.68%
John J. Hughes...	350,234	(5)	1.20%
Steve Rabin..	400,000	(6)	1.36%
Daniel G. Lannon...	150,000	(4)	0.52%
Peter J. Fiorillo..	4,999,007	(7)	16.15%
Michael S. Falk (11)...	6,113,991	(8)	17.87%
Timothy Flynn (12)...	800,133	(9)	2.74%
Jack Slevin..	-		-
Commonwealth Associates, L.P. (13)...............................	4,359,032	(10)	13.31%
All directors and executive officers as a group (10 persons).....	14,692,171		45.62%

</TABLE>

- -------------

(1) The address of each person, except as otherwise noted, is c/o eB2B Commerce, Inc., 757 Third Avenue, New York, New York 10017.
(2) Except as otherwise noted, each individual or entity has sole voting and investment power over the securities listed. Includes ownership of options and warrants that are exercisable within 60 days of December 31, 2000.
(3) The ownership percentages are calculated on a fully diluted basis, including options and warrants exercisable within 60 days of December 31, 2000, and giving effect to the shares of common stock underlying the Series A Preferred Stock and the Series B Preferred Stock.
(4) Represents shares underlying options.
(5) Includes 266,000 shares underlying options and 48,767 shares underlying warrants.
(6) Includes 350,000 shares underlying options and 50,000 shares of restricted stock.
(7) Includes 1,995,000 shares underlying options and 42,560 shares of common stock owned by family members.
(8) In addition to Commonwealth Associates L.P.'s 4,359,032 shares which may be deemed to be beneficially owned (see footnote 10 below), Mr. Falk's holdings include 180,836 shares of common stock, and the right to acquire (i) 1,460,306

shares issuable upon exercise of warrants, (ii) 108,817 shares issuable upon conversion of preferred shares, and (iii) 5,000 share issuable upon exercise of options. In his capacity as Chairman and controlling equity owner of Commonwealth Associates Management Corp., Mr. Falk shares voting and dispositive power with respect to the securities beneficially owned by Commonwealth Associates L.P. and may be deemed to be the beneficial owner of such securities. In his capacity as a manager and principal member of ComVest Capital Partners LLC, Mr. Falk shares indirect voting and dispositive power with respect to the securities beneficially owned by ComVest Capital Partners LLC and may be deemed to be the beneficial owner of such securities, although Mr. Falk disclaims beneficial interest in such shares other than that portion which corresponds to his membership interest in ComVest Capital Partners LLC.
(9) Includes preferred shares convertible into 501,772 shares of common stock, 138,000 shares underlying immediately exercisable options and 160,361 shares underlying immediately exercisable warrants.
(10) Commonwealth Associates L.P.'s holding includes the right to acquire (i) 156,940 shares issuable upon conversion of preferred shares, (ii) 3,806,981 shares underlying immediately exercisable warrants. Commonwealth Associates L.P.'s holding as described in the table include the holding of ComVest

Capital Partners LLC, an affiliate. Such holding, or 1,242,511 securities, includes the right to acquire (i) 145,091 shares issuable upon conversion of preferred shares, (ii) 1,097,420 shares underlying immediately exercisable warrants.

(11) The address of Mr. Falk is c/o Commonwealth Associates, L.P., 830 Third Avenue, New York, New York 10022.

(12) The address of Mr. Flynn is c/o Flynn Gallagher Associates, 3291 North Buffalo Drive, Las Vegas, Nevada 89129.

(13) The address of Commonwealth Associates, L.P. is 830 Third Avenue, New York, New York 10022.

Item 12. Certain Relationships and Related Transactions

In September 1999, eB2B signed a letter of intent with Commonwealth Associates, L.P., a more than 10% stockholder of the Company, (the "Financial Advisor") to raise capital in a private placement offering of eB2B's securities. On October 4, 1999, eB2B issued in consideration of $375,000 promissory notes and five-year warrants to purchase up to 498,659 shares of eB2B common stock (equivalent to 1,326,433 shares of Company common stock) to ComVest Capital Partners LLC, an affiliate of the Financial Advisor, and Michael S. Falk (the "Pre-Bridge Financing"). The promissory notes were automatically converted into units in the Bridge Financing. Also, warrants to purchase 131,250 shares of eB2B common stock (equivalent to 349,125 shares of Company common stock) issued to ComVest Capital Partners LLC and Michael S. Falk in the Pre-Bridge Financing were cancelled upon the conversion of the promissory notes into units in the bridge financing. Mr. Falk, a director of the Company, is a principal and the Chief

Executive Officer of the Financial Advisor, and is a principal of ComVest Capital Partners LLC.

In October 1999, in anticipation of a private placement offering, eB2B issued convertible promissory notes in an aggregate principal amount of $1,000,000, which were automatically converted into units offered in the private placement based on the face value of such notes, and five-year warrants to purchase up to 717,409 shares of eB2B common stock (equivalent to 1,908,308 shares of Company common stock), exercisable at $4.00 per share ($1.50 reflective of the 2.66 to 1 exchange ratio in the Merger) for a period of seven years (the "Bridge Financing"). The Financial Advisor was the placement agent in such offering.

In December 1999, eB2B issued to the Financial Advisor, for providing services as the placement agent in a private placement of Series B preferred stock and warrants, warrants to purchase 1,482,600 shares of eB2B common stock (equivalent to 3,943,716 shares of Company common stock) at an exercise price of $5.50 ($2.07 reflective of the 2.66 to 1 exchange ratio in the Merger).

On October 4, 1999, eB2B entered into a finder's agreement with the Financial Advisor, which provided that upon completion of a merger, sale or other similar transaction, the Financial Advisor would earn a finder's fee equal to 3% of the total compensation received in the transaction. Upon the completion of the Merger on April 18, 2000, the Company issued the Financial Advisor 3% of the total number of securities received by eB2B's stockholders in the Merger, consisting of 720,282 shares of Company common stock and seven-year warrants to purchase 502,383 shares of Company common stock.

In November 1999, in connection with the Financial Advisor providing advisory services to eB2B during the Merger, eB2B granted to the Financial Advisor five-year warrants to purchase 470,000 shares of eB2B common stock (equivalent to 1,250,200 shares of Company common stock) at an exercise price of $5.50 per share (equivalent to $2.07 per share of Company common stock), vesting upon completion of the Merger. On April 18, 2000, the closing of the Merger, the warrants vested.

SIGNATURES

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

April 16, 2001 eB2B Commerce, Inc.

By: /s/ Alan J. Andreini

Alan J. Andreini
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

April 16, 2001 By: /s/ Alan J. Andreini

Chief Executive Officer

April 16, 2001 By: /s/ Victor L. Cisario

Chief Financial Officer

April 16, 2001 By: /s/ Peter J. Fiorillo

Director

April 16, 2001 By: /s/ Michael S. Falk

Director

April 16, 2001 By: /s/ Timothy P. Flynn

Director

April 16, 2001 By: /s/ Jack Slevin

Director

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER	TITLE
<S>	<C>
2.1	--Agreement and Plan of Merger by and between eB2B Commerce, Inc. and DynamicWeb Enterprises, Inc., dated December 1, 1999, and as amended, dated February 29, 2000 (incorporated by reference to Exhibit 2.1 and Exhibit 2.2 filed with the Registrant's Registration Statement on Form S-4/A filed on March 20, 2000 (the "Form S-4")).
2.2	--Agreement and Plan of Merger by and between eB2B Commerce, Inc., Netlan Merger Corporation and Netlan Enterprises, Inc., dated February 22, 2000 (incorporated by reference to Exhibit 2.5 filed with the Registrant's Form S-4).
3.1.	--Certificate of Incorporation of DynamicWeb Enterprises, Inc., as filed with the Secretary of State of New Jersey on August 7, 1979 together with all subsequently filed Amendments and Restatements(incorporated by reference to Exhibits 3.1.1 through Exhibit 3.1.13 filed with the Registrant's Form S-4).
3.2.1	--Bylaws of DynamicWeb Enterprises, Inc. adopted August 7, 1979 including all subsequently filed Amendments and Restatements (incorporated by reference to Exhibit 3.2.1 through Exhibit 3.2.4 filed with the Registrant's Form S-4).
10.1	--Agreement of Sub-Lease between 757 Third Avenue LLC and eB2B Commerce, Inc., dated July 28 2000.
10.2	--Employment Agreement between eB2B Commerce, Inc. and Alan J. Andreini, dated effective as of July 1, 2000.
10.3	--Employment Agreement between Peter J. Fiorillo and eB2B Commerce, Inc., dated effective as of December 1, 1998 (incorporated by reference to Exhibit 10.3 filed with the Registrant's Form S-4).
10.4	--Employment Agreement between Victor Cisario and eB2B Commerce, Inc., dated effective as of January 3, 2000 (incorporated by reference to Exhibit 10.12 filed with the Registrant's Form S-4).
10.5	--Employment Agreement between eB2B Commerce, Inc. and John J. Hughes, dated effective as of June 1, 2000.

10.6	--Employment Agreement between eB2B Commerce, Inc. and Steven Rabin, dated effective as of October 31, 2000.
10.7	--Consulting Agreement between Steven L. Vanechanos and DynamicWeb Enterprises, Inc., dated as of February 29, 2000 (incorporated by reference to Exhibit 10.18 filed with the Registrant's Form S-4).
23.1	--Independent Auditors' Consent - Deloitte & Touche LLP.
23.2	--Independent Auditors' Consent - Ernst & Young LLP.
99.1	--eB2B Commerce, Inc. 2000 Stock Option Plan (incorporated by reference to Exhibit 99.1 filed with the Registrant's Form S-4).

</TABLE>

EXH 10
EXH 10.1

AGREEMENT OF SUB-SUBLEASE

AGREEMENT OF SUB-SUBLEASE, made as of July 28th, 2000, between 757 THIRD AVENUE LLC, a New York limited liability company, having an address at c/o RFR Realty LLC, 400 Park Avenue, New York, New York 10022 ("757 Third"), and eB2B COMMERCE, INC., a New Jersey corporation, having an address at 29 West 38th Street, New York, New York ("eB2B").

W I T N E S S E T H:

WHEREAS, by Agreement of Lease dated as of April, 1996 (the "Prime Lease") by and between 757 Third, as lessor, and Sequent Computer Systems, Inc. ("Sequent"), as lessee, 757 Third leased to Sequent a portion of the third (3rd) floor (the "Premises") in the building known as 757 Third Avenue, New York, New York (the "Building"), which Premises are more particularly described in the Prime Lease; and

WHEREAS, Sequent merged into International Business Machines Corporation ("IBM") and as a result thereof IBM is now the Tenant under the Prime Lease; and

WHEREAS, by an Agreement of Sublease dated as of August 1, 2000 (the "Sublease") by and between IBM, as sublessor, and 757 Third, as sublessee, IBM leased to 757 Third the Premises, in furtherance of 757 Third's exercise of its rights under Article 12C of the Prime Lease; and

WHEREAS, 757 Third desires to sub-sublease the Premises to eB2B and eB2B desires to hire the same from 757 Third.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the parties agree as follows:

1. Defined Terms. All terms not otherwise defined herein shall have the meanings assigned to them in the Prime Lease.

2. Subleasing of Premises. 757 Third hereby subleases to eB2B and eB2B hereby hires from 757 Third the Premises, upon and subject to all of the terms, covenants, rentals and conditions hereinafter set forth.

3. Term. The term (the "Term") of this Sub-sublease shall commence as of August 1, 2000 (the "Commencement Date") and shall expire at midnight on April 28, 2007 (the "Expiration Date"), unless sooner terminated as hereinafter provided.

4. Base Rent.

(a) eB2B shall pay to 757 Third a fixed annual rent (the "Base Rent") of (i) One Million One Hundred Ninety Seven Thousand Six Hundred Ninety Four and 00/100 ($1,197,694.00) Dollars per annum ($99,807.83 per month) for the period August 1, 2000 through July 31,2004, and (ii) One Million Two Hundred Forty Two Thousand Eight Hundred Ninety and 00/100 ($1,242,890.00) Dollars per annum ($103,574.16 per month) for the period August 1, 2004 through April 28, 2007, in equal monthly installments. The Base Rent as set forth herein includes an Electrical Inclusion Factor of $67,794.00 per annum.

(b) The Base Rent shall be due and payable in advance, on the first day of each month during the Term, at the office of 757 Third or such other place as 757 Third may designate, by check drawn on a bank which is a

member of the New York City Clearing House Association, having an office in New York City, without any set-off or deduction of any kind whatsoever except that eB2B shall pay the first full monthly installment of Base Rent due under this Sub-sublease on the execution hereof. eB2B hereby agrees to allow 757 Third, at 757 Third's sole election, which may be made in writing at any time, to debit eB2B's bank operating account on a monthly or other basis for any Minimum Rent, additional rent or other charges due to 757 Third. eB2B covenants and agrees to execute and deliver all documents, instruments and agreements necessary or required at any time and from time to time to effectuate such direct debiting of its operating account as hereinabove provided.

5. Additional Rent. Subject to the modifications hereinafter set forth, eB2B shall also pay all items of additional rents and all contributions and charges which are payable by eB2B under the Prime Lease.

6. Use. eB2B shall use and occupy the Premises for general and executive offices and for no other purpose.

7. Subordination to and Incorporation of Sublease and Prime Lease.

(a) This Sub-sublease is in all respects subject and subordinate to the terms, covenants, agreements, provisions and conditions of the Prime Lease and the Sublease, except as otherwise expressly provided in this Sub-sublease, the terms, provisions, covenants, stipulations, conditions, rights, obligations, remedies and agreements of the Prime Lease and the Sublease are incorporated in this Sub-sublease by reference and made a part hereof as if herein set forth at length, and shall, as between 757 Third and eB2B (as if they were the landlord and tenant, respectively, under the Prime Lease), constitute the terms of this Sub-sublease except to the extent that they are inapplicable, inconsistent with or modified by the terms of this Sub-sublease. For purposes hereof, (i) the term "Landlord" in the Prime Lease shall be deemed to mean 757 Third, as sub-sublandlord herein, (ii) the term "Tenant" in the Prime Lease shall be deemed to mean eB2B, as sub-subtenant herein, (iii) the term "Lease" in the Prime Lease shall be deemed to mean this Sub-sublease, so that the obligations created by the Prime Lease and incorporated herein by reference, imposed upon IBM, as tenant under the Prime Lease, are hereby imposed upon eB2B, for the benefit of 757 Third, as landlord under the Prime Lease and as sub-sublandlord under this Sub-sublease. Notwithstanding the foregoing, any other covenants, articles, provisions, terms and conditions contained in the Prime Lease which are clearly only applicable to the parties thereto shall not be applicable to this Sub-sublease or to eB2B.

(b) In the event of cancellation or termination of the Prime Lease for any reason whatsoever, or of the surrender of the Prime Lease, whether voluntary, involuntary or by operation of law, prior to the expiration date of this Sub-sublease, including extensions and renewals granted thereunder, eB2B agrees to make full and complete attornment to 757 Third, as landlord under the Prime Lease, for the balance of the term of this Sub-sublease, at the option of 757 Third at any time during eB2B's occupancy of the Premises, which attornment shall be evidenced by an agreement in form and substance satisfactory to 757 Third, which eB2B agrees to execute and deliver at any time within five (5) days after request of 757 Third, its successors and assigns, and eB2B waives the provisions of any law now or hereafter in effect which may give eB2B any right to election to terminate this Sub-sublease or to surrender possession of the Premises in the event, and solely as a result of, any proceeding is brought by 757 Third, as landlord under the Prime Lease, to terminate the Prime Lease.

8. Modification of Sublease and Prime Lease.

(a) For the purposes hereof, the terms of the Sublease are subject to the following modifications:

(i) Paragraphs 2, 3, 5, 6, 7, 8 and 9 of the Sublease are hereby deleted in their entirety in respect of this Sub-sublease.

(b) For the purposes hereof, the terms of the Prime Lease are subject to the following modifications:

(i) The following provisions of the Prime Lease shall not apply to eB2B and are hereby deleted in their entirety in respect of this Sub-sublease: Paragraphs 1B(i), 1B(ii), 1B(iii), 1B(iv), 1B(v), 1C, 7C, 13B, 13C, 13D, 23B, 29J, 40, 41, 42, 43, Exhibit 1B, Exhibit 2, Exhibit 5, Exhibit 6 and Schedule B.

(ii) The following provisions of the Prime Lease are, for purposes of their incorporation by reference in this Sub-sublease, hereby modified as follows:

(1) Paragraph 1A is hereby modified by deleting the words "and a portion of the basement, as more particularly shown hatched on Exhibit 1B annexed hereto and made a part hereof (the "Storage Space")" from the first sentence thereof.

(2) Paragraph 1B(vii) is hereby modified so that the "Base Tax Year" shall mean the fiscal year July 1, 2000 through June 30, 2001.

(3) Paragraph 1B(ix) is hereby modified so that the "Base Labor Year" shall mean the calendar year 2001.

(4) Paragraph 1B(xi) is hereby modified so that the "Labor Rate Multiple" shall mean one (1).

(5) Paragraph 1B(xiii) is hereby modified so that the "Security Deposit" shall mean the sum of $1,129,900.00.

(6) Paragraph 1B(xiv) is hereby modified so that "Broker" shall mean RFR Realty LLC and Newmark & Company Real Estate, Inc.

(7) Paragraph 3A is hereby modified by (i) deleting the following sentence therefrom: "Landlord hereby acknowledges and agrees that it has approved Tenant's use of AJ Contracting or Manhattan Business Interiors as the general contractor for the performance of Alterations to the Premises, subject to the other terms of this Lease.", and (ii) deleting the words "facilities for computer demonstrations and training rooms" in the first (1st) full sentence on page 6.

(8) Paragraph 6 is hereby modified by deleting the first (1st), second (2nd) and third (3rd) sentences thereof.

(9) Paragraph 9A is modified by deleting the second sentence and by inserting the following in its place: "Notwithstanding anything contained in the Prime Lease to the contrary, 757 Third shall cause each policy carried by 757 Third insuring the Building against loss, damage, or destruction by fire or other casualty, and eB2B shall cause each insurance policy carried by eB2B and insuring the Premises and eB2B's Alterations, leasehold improvements, equipment, furnishings, fixtures and contents against loss, damage, or destruction by fire or other casualty, to be written in a manner so as to provide that the insurance company waives all rights of recovery by way of subrogation against 757 Third or eB2B in connection with any loss or damage covered by any such policy. Neither party shall be liable to the other for the amount of such loss or damage which is in excess of the applicable deductible, if any, caused by fire or any of the risks enumerated in its policies, provided that such waiver was generally obtainable at commercially standard rates at the time of such loss or damage. However, if such waiver cannot be contained, or shall be obtainable only by the payment of an additional premium charge above that which is charged by companies carrying such insurance without such waiver of subrogation, then the party undertaking to obtain such waiver shall notify the other party of such fact, and such other party shall have a period of ten (10) days after the giving of such notice to agree in writing to pay such additional premium if such policy is obtainable at additional cost and if such other party does not so agree or the waiver shall not be obtainable, then the provisions of this Section 9A shall be null and void as to the risks covered by such policy for so long as either such waiver cannot

be obtained or the party in whose favor a waiver of subrogation is desired shall refuse to pay the additional premium. If the release of either 757 Third or eB2B, as set forth above shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released, but no action or rights shall be sought or enforced against such party unless and until all rights and remedies against the other's insurer are exhausted and the other party shall be unable to collect such insurance proceeds.

(10) Paragraph 10A is hereby modified by (i) changing the words "twelve (12) months" to "eighteen (18) months" in the ante-penultimate sentence thereof, and (ii) changing the words "eighteen (18) months" to "twelve (12) months" in the last sentence thereof.

(11) Paragraphs 12J(i) and (ii) are hereby modified by substituting the words "one hundred percent (100%)" for "fifty percent (50%)" in the first clause of each of said subparagraphs.

(12) Article 12 is hereby modified by adding the following thereto as subparagraph Q:

> Q. Successor Corporation. Tenant may, without Landlord's consent but subject to the conditions hereinafter provided, assign this Lease for any of the purposes permitted to Tenant hereunder to a corporation or other business entity (a "successor corporation") into or with which Tenant may be merged or consolidated, or to which substantially all of Tenant's assets may be transferred; provided, that, the successor corporation shall have (1) assumed substantially all of Tenant's obligations and liabilities, including all obligations under this Lease, by operation of law or by appropriate instruments of merger, consolidation or transfer, and (2) a net worth determined in accordance with generally accepted accounting principles, consistently applied, after giving effect to such assignment, equal to the greater of Tenant's net worth, as so determined, on (x) the date immediately preceding the date of such assignment, and (y) the commencement date. In case of an assignment by merger or consolidation, a true copy of the instrument of merger or consolidation containing the successor corporation's assumption of Tenant's obligations and liabilities and assuming Tenant's obligations and liabilities under this Lease shall be delivered to Landlord within twenty (20) days of the effective date of such merger, consolidation or transfer, together with certified financial statements for the surviving entity.

(13) Paragraph 13A is hereby modified by deleting the following words from the first (1st) sentence thereof: "except that Landlord shall, at Landlord's sole cost and expense, demolish the Premises slab-to-slab, construct such demising walls to Building specifications as are necessary to physically separate the Premises from the balance of the third (3rd) floor and deliver the Premises to Tenant with all debris removed in "broom clean" condition on the Commencement Date."

(14) Paragraph 14 is hereby modified by deleting the following sentence therefrom: "Notwithstanding the foregoing, Landlord shall not change the name or designation by which the Building is commonly known to that of or to include the name of any of the following competitors of Tenant unless any such entity shall occupy at least 40,000 rentable square feet of space in the Building: Hewlett Packard, NCR, Sun Micro Systems or Data General."

(15) Paragraph 17A(i) is hereby modified by

deleting the words "after notice by Landlord to Tenant of such default".

(16) Paragraph 19B is hereby modified by deleting the first three (3) sentences thereof and substituting the following therefor:

> If any installment of Rent or any additional rent shall not be paid within five (5) days after such installment of Rent or additional rent shall have first become due, Tenant shall also pay to Landlord (i) an administrative late charge in the amount of $250.00, and (ii) interest thereon from the due date until such installment of Rent or additional rent is fully paid at the rate of one and one-half (1-1/2%) percent per month, or the applicable maximum legal rate of interest, whichever is lower. Such administrative late charge and interest charge shall be due and payable as additional rent with the next monthly installment of Rent. If any check delivered to Landlord in full or partial payment of any amounts due to Landlord pursuant to the terms of this Lease shall not be honored by reason of insufficient or uncollected funds or for any other reason, then (x) Tenant shall pay to Landlord a service charge on account thereof in the amount of $250.00, which service charge shall be due and payable as additional rent with the next monthly installment of Rent, and (y) all subsequent payments of any amounts due to Landlord pursuant to the terms of this Lease for the next twelve (12) months shall, if Landlord so requests, be made by certified check, official bank or teller's check, or money order.

(17) Paragraph 21A is hereby modified by substituting the words "two and one-half (2 1/2) times" for the words "two (2) times" in the penultimate sentence thereof.

(18) Paragraph 21B is hereby modified by deleting the words "for more than thirty (30) days beyond the Expiration Date of this Lease" from the second sentence thereof.

(19) Paragraph 23A is hereby modified by (i) deleting the words "provided, however, the same shall extend the Term such that the Expiration Date shall occur on the date on which the ten (10) year, ten (10) month anniversary of the date of possession shall occur" from the second sentence thereof, and (ii) deleting the last two (2) sentences thereof.

(20) Paragraph 29C is hereby modified by deleting the second sentence thereof.

(21) Paragraph 32B is hereby modified by substituting the amount of "$1,129,900.00 " for the amount "$139,354.34 ".

(22) Article 32 is hereby modified by adding the following as subparagraph C thereto:

> C. Reduction of Security Deposit. Provided and upon the condition that this Lease is in full force and effect and that Tenant has been in full compliance with all of the terms and conditions hereof, including (without limitation) the timely payment of Rent and additional rent, Landlord shall return portions of the security deposited or permit the Letter of Credit to be reduced, as the case may be, by (i) the sum of $188,316.67 on the second (2nd)

anniversary of the Commencement Date, and (ii) the sum of $188,316.67 on the fourth (4th) anniversary of the Commencement Date.

(23) Paragraph 39F is hereby modified by deleting the second sentence thereof.

(24) Exhibit 1A is hereby modified by adding the words "All measurements and conditions are approximate" thereto.

(25) Exhibit 4 is hereby deleted and replaced with the form of letter of credit annexed hereto as Schedule A.

9. Broker. eB2B and 757 Third represent and warrant to each other that they have not dealt with any broker in connection with this Sub-sublease other than RFR Realty LLC and Newmark & Company Real Estate, Inc. (the "Brokers"). eB2B shall not be responsible for the payment of any commission which may be due to RFR Realty LLC or to Newmark & Company Real Estate, Inc. in connection with this Sub-sublease pursuant to separate written agreements with the Brokers. Each party shall indemnify the other against, and hold the other harmless from, any claim of, or liability to, any other broker who shall have dealt with the indemnifying party in connection with this transaction and Sub-sublease.

10. Indemnification of 757 Third. eEB2B agrees to indemnify 757 Third and IBM against and hold 757 Third and IBM harmless from any and all loss, cost, damage, expense or liability (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by 757 Third and IBM by reason of (a) any injuries to persons or damages to property occurring in, on or about the Premises, or (b) any work or thing whatsoever done, or any condition created by eB2B in, on or about the Premises or the Building, resulting from any act or omission of eB2B, its agents, contractors, servants, employees, invitees or licensees.

11. Condition of the Premises.

(a) eB2B acknowledges that it has examined and inspected the Premises and the personal property hereinafter described, is fully familiar with the physical condition thereof and agrees to take possession thereof "as is" with the personal property currently situated in the Premises. eB2B has advised 757 Third that it has entered into independent arrangements with IBM with respect to the personal property situated in the Premises. 757 Third has not made and does not make any representations or warranties as to the physical condition, the use to which the Premises may be put, or any other matter or thing affecting or relating to the Premises, except as specifically set forth in this Sub-sublease. 757 Third shall have no obligation whatsoever to alter, improve, decorate, repair or otherwise prepare the Premises for eB2B's occupancy.

(b) eB2B shall have the right to use the Alterations and improvements in the Premises as of the Commencement Date. 757 Third makes no representations as to the condition of any such Alterations and improvements, nor shall 757 Third have any obligations with respect to the maintenance, repair or replacement thereof.

(c) Notwithstanding anything to the contrary contained herein or in the Prime Lease, (i) eB2B shall have no obligation to remove any Alterations and improvements which were installed in the Premises prior to the Commencement Date, and (ii) eB2B shall have no liability for the removal or remediation of any Hazardous Substances within the Premises unless the same were

brought into the Premises by eB2B, its employees, contractors, agents and invitees. 757 Third shall be responsible to cause Hazardous Substances that are present in the Premises prior to the date hereof to be remediated if the same are required to be remediated under applicable law.

12. Prime Lease and Sublease.

(a) 757 Third represents to eB2B that the Prime Lease and the Sublease are each in full force and effect.

(b) In the event that the Prime Lease is terminated, 757 Third and eB2B shall enter into a new lease upon the same terms and conditions as are contained in this Sub-sublease.

13. Right of Notice. If at any time during the Term, space on the third (3rd) floor of the Building which is contiguous to the Premises shall become available for lease, 757 Third agrees that it shall give eB2B notice thereof (the "Availability Notice") and the opportunity to negotiate with 757 Third for the leasing thereof upon terms acceptable to 757 Third in its sole discretion (including, without limitation, requiring the extension of the Term of this Sub-sublease and/or the execution of a new lease upon 757 Third's then standard form of lease for the Building). The giving of an Availability Notice shall in no way obligate 757 Third to enter into a lease of any such space with eB2B, it being expressly acknowledged and understood that 757 Third's obligations under this paragraph are limited to the giving of an Availability Notice and providing eB2B the opportunity to negotiate for such additional space.

14. Notices. All notices, demands, requests or other communications hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, addressed to the parties at their respective addresses set forth above, or at such other address which either party may hereafter designate for such purpose by a written notice given as herein provided. A copy of any notice to 757 Third shall also be sent to Esanu Katsky Korins & Siger LLP, 605 Third Avenue, New York, New York 10158, Attn: Randolph Amengual, Esq. A copy of any notice to eB2B shall also be sent to Rosenman & Colin, 575 Madison Avenue, New York, New York 10022, Attn: Alan Altman, Esq.

15. Insurance. eB2B shall furnish to 757 Third the insurance required by the Prime Lease, which insurance shall also name IBM, the managing agent of the Building, currently RFR Realty LLC and any mortgagee of the Building as parties insured thereunder, as their interests may appear.

16. Miscellaneous.

(a) This Sub-sublease may not be extended, renewed, terminated or otherwise modified except by an instrument in writing signed by the party against whom enforcement of any such modification is sought.

(b) It is understood an agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Sub-sublease, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement, representation or warranty made by the other not embodied in this Sub-sublease.

(c) The paragraph headings appearing herein are for purposes of convenience only and are not deemed to be a part of this Sub-sublease.

(d) eB2B and 757 Third each represent to the other that the individual executing this Sub-sublease on its behalf is authorized to do so and all necessary corporate actions have been taken in connection herewith.

(e) 757 Third represents that neither 757 Third nor the Building are currently receiving any abatement in real estate taxes payable in respect of the Building.

IN WITNESS WHEREOF, this Sub-sublease has been duly executed

as of the day and year first above written.

757 THIRD AVENUE LLC

By: 757 Third Avenue Partners, LLC, its Managing Member

By: 757 Third Managers, LLC, its Managing Member

By: ________________________________
Name:
Title:

eB2B COMMERCE, INC.

By: _______________________________
Name:
Title:

EXH 10

EXH 10.2

Employment Agreement (the "Agreement"), effective as of July 1, 2000 (the "Effective Date"), between eB2B Commerce, Inc., a Delaware corporation with principal offices at 29 West 38th Street, New York, New York 10018, (the "Company") and Alan Andreini, residing at 57 Clapboard Ridge Road, Greenwich, Connecticut 06830 ("Andreini"). The Company and Andreini may be referred to herein collectively as the "Parties" or individually as a "Party."

WHEREAS, the Company is engaged in the sales and service of building, owning and operating electronic commerce networks; and

WHEREAS, the Company desires Andreini to serve as Executive Chairman of the Board of Directors of the Company and Andreini desires to accept the position of Executive Chairman of the Board of Directors and serve the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein set forth, the Parties do hereby agree as follows:

1 Employment. The Company hereby employs Andreini and Andreini accepts this employment and agrees to render services to the Company on the terms and conditions set forth in this Agreement. During the term of this Agreement, Andreini shall serve as Executive Chairman of the Board of Directors of the Company (the "Board"), and as an employee of the Company, and (i) preside over all meetings of the shareholders of the Company and the Board of Directors; (ii) provide advice and counsel to the Company in relation to strategic corporate decisions, personnel, and other decisions relating to any mergers, acquisitions or other transaction involving the Company; (iii) be an ex officio member of all Board committees (except the Audit, and other committees which permit only outside directors pursuant to applicable securities or stock exchange rules or regulations, whose meetings he shall attend in a consultatory capacity except when such committees meet in executive session); (iv) perform such other duties as the Board reasonably requests; and (v) see that all orders and resolutions of the Board are carried into effect. Andreini shall be a member of the Board as of the Effective Date and may, at his option, be a member of the Board of Directors of any of the Company's subsidiaries during the term of this Agreement. Andreini shall use his best efforts to meet the business requirements and goals set by the Board. In furtherance thereof, Andreini will devote his best efforts, including his full-time attention, during reasonable business hours, to the affairs and business of the Company. Andreini agrees not to serve on any corporate, industry, civic, or charitable boards or committees that would interfere or create a conflict of interest with respect to his duties hereunder without the prior consent of the Board. Andreini further agrees to observe and comply with the rules and regulations of the Company as adopted by the Board with respect to performance of his duties, and to carry out and perform all reasonable orders, directions, and policies enacted by the Board. Notwithstanding the foregoing, the Company recognizes that Andreini currently serves as a member of the board of directors of OneNetPlus, and such position may have ongoing obligations. The Company

hereby agrees that Andreini's service on the board of directors of OneNetPlus shall not be a breach of the provisions of this Section 1; provided that such service on the board does not interfere with, nor create a conflict of interest with respect to, Andreini's performance of his duties hereunder. Andreini agrees to use reasonable business

efforts to coordinate his respective commitments so as to fulfill his obligations to the Company hereunder.

2 Term. The term of this Employment Agreement shall be the period from the Effective Date and terminating on June 30, 2002 (the "Initial Employment Term"). The Agreement shall thereafter automatically renew for successive one (1) year terms, until terminated by either Party in accordance with this Agreement (the "Succeeding Employment Term"), unless either Party provides written notice of termination to the other party at least ninety (90) days prior to the expiration of the Initial Employment Term or any Succeeding Employment Term.

3 Compensation.

3.1 Base Salary. The Company will compensate and pay Andreini for his services during the term of this Agreement at a base salary of not less than $225,000 per year (the "Base Salary"). The Base Salary shall be payable to Andreini in accordance with the Company's standard payroll policy for similarly situated employees of the Company.

3.2 Stock Options. Without limiting the foregoing, during the term of this Agreement, Andreini shall be entitled to participate, as determined by the Board of Directors, in the Company's incentive stock option plan to the same extent as other employees of the Company. In addition, Andreini shall be entitled to receive options to purchase 1,500,000 shares of the Common Stock of the Company ("Options") pursuant to the terms of the Company's 2000 Stock Option Plan (the "Option Plan"), subject to the following terms: (a) the Options will vest on the date established by the Board of Directors; (b) the exercise price of the Options shall be $3.25 per share (the closing price on June 21, 2000), as appropriately adjusted for stock splits, stock dividends, and the like; and (c) the other terms and conditions of the Options will be in accordance with the provisions of the Option Plan and the Stock Option Agreement evidencing the issuance of the Options.

4 Benefits.

4.1 Health Insurance; Vacation. The Company shall provide Andreini with health insurance coverage, personal time and other benefits during the term of this Agreement as agreed upon by the Board, but in no event will such benefits be less than those offered to other senior executives of the Company. Andreini shall be entitled to four (4) weeks paid vacation during each year of this Agreement and an additional week for each additional year of service thereafter, up to a maximum of six (6) weeks.

4.2 Car Service Allowance. The Company will reimburse or pay directly, as appropriate, all reasonable costs associated with Andreini's use of a car or limousine service during the term of this Agreement.

4.3 Country Club Membership. The Company shall reimburse Andreini for any membership fees, dues and expenses incurred by Andreini during the term of this Agreement for memberships in up to three (3) country clubs chosen by Andreini and approved by the Company.

4.4 Miscellaneous. Andreini shall be entitled to participate in all other retirement, welfare and other benefit plans, and to receive all fringe benefits, that are provided by the Company to its most senior executives from time to time, to the extent Andreini meets the eligibility requirements for any such plan or benefit.

5 Expenses. The Company shall reimburse Andreini or otherwise provide for or pay for all reasonable expenses incurred by Andreini in furtherance of or in connection with the business of the Company, including, but

not by way of limitation, (i) all reasonable expenses incurred by Andreini in accordance with the Company's travel policy, as established by the Board; and (ii) all reasonable expenses in connection with Andreini's attendance at trade, professional and industry related conferences which are in furtherance of the business of the Company. Andreini agrees that he will furnish the Company with adequate records and other documents for the substantiation of each such business expense.

6 Employment Termination.

6.1 Resignation of Andreini Without Good Reason. The Parties agree that Andreini has the right to voluntarily terminate his employment with the Company by providing the Company with a minimum of sixty (60) days' prior written notice. Upon the termination date specified in the notice, Andreini will cease to have any of the powers associated with the offices he held with the Company. In such event, all of the Company's obligations under this Agreement will terminate immediately upon the date of such termination of employment.

6.2 Resignation of Andreini for Good Reason. The Parties agree that Andreini has the right to voluntarily terminate his employment with the Company for "Good Reason" upon providing sixty (60) days prior written notice to the Board. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events or conditions:

6.2.1 a change in Andreini's status, title, position or responsibilities which represents an adverse change from his status, title, position or responsibilities as in effect immediately prior thereto; the assignment to Andreini of any duties or responsibilities which are inconsistent with his status, title or position; or any removal of Andreini from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for "Disability" (as defined below), for "Cause"

(as defined below), as a result of his death, or by Andreini other than for Good Reason;

6.2.2 a reduction in the Base Salary;

6.2.3 the relocation of the offices of the Company at which Andreini is principally employed to a location more than fifty (50) miles from the location of such offices immediately prior to the relocation, except for required travel on the on the business of the Company to an extent substantially consistent with Andreini's customary business travel obligation and duties; or

6.2.4 the failure by the Company or its affiliates to pay to Andreini any portion of Andreini's current compensation within twenty (20) days of the date such compensation is due.

6.3 Termination by the Company for Convenience. The Parties agree that the Board has the right to terminate Andreini's employment for convenience during the term of this Agreement upon notice to Andreini. The date of termination will be the date specified in a notice from the Board and will be at least thirty (30) days following such notice. Andreini will cease to have any power of his office as of such date.

6.4 Termination by the Company for Cause. The Parties agree that the Board has the right to terminate Andreini's employment during the

term of this Agreement for "Cause." For the purposes of this Agreement, the term "Cause" will mean:

6.4.1 Conduct on Andreini's part that is willfully intended to and likely to injure to the Company's business or reputation;

6.4.2 Actions by Andreini intentionally furnishing materially false, misleading or omissive information to the Board which results in damage to the Company;

6.4.3 Andreini is convicted of any felony or other serious offense;

6.4.4 Abusive use of drugs or alcohol by Andreini;

6.4.5 Any fraud, embezzlement or misappropriation by Andreini of the "assets" of the Company. For the purposes of this provision, the Parties acknowledge that "asset" includes, but is not limited to the "Confidential Information" (as defined in Section 8 of this Agreement); or

6.4.6 The willful and significant failure by Andreini to perform reasonably assigned duties and obligations as set forth in this Agreement, resulting in substantial damage to the Company, but not encompassing illness, physical or mental incapacity.

For purposes of this provision, no act or failure to act on the part of Andreini shall be considered "willful" unless it is done, or omitted to be done, by Andreini in bad faith or without reasonable belief that his action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution

duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Andreini in good faith and in the best interests of the Company and its affiliates. Andreini's employment hereunder shall not be deemed to be terminated for Cause until a Notice of Termination is provided to him, and within seven (7) days after the Notice of Termination is given to Andreini, he, together with counsel, is heard before the Board (a "Board Hearing") during which Board Hearing, the Board in good faith resolves that Andreini is guilty of the conduct described in Section 6.4 hereof. In the event that Andreini's employment is terminated by the Company for Cause, the date of employment termination will be as specified in the Notice of Termination to Andreini from the Company, and Andreini will cease to have any authority to act on behalf of the Company as of such date. The Company will pay Andreini the Base Salary due him as of such date, and all benefits provided by the Company to Andreini will cease as of such date except as otherwise required by law.

6.5 Termination by the Company for Death or Disability. The Parties agree that Andreini's employment will terminate upon Andreini's death or Disability. The term "Disability" shall be defined as Andreini's inability, through physical or mental illness to perform the majority of his usual duties for a period of at least three (3) continuous months.

6.6 Notice of Termination. Any termination by the Company for Cause, or by Andreini for Good Reason shall be communicated by Notice of Termination to the other Party hereto given in accordance with Section 18 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Andreini's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such

notice, specifies the termination date of this Agreement which date shall be in accordance with the specific termination provision of this Agreement relied upon.

6.7 Obligations of the Company Upon Certain Terminations.

6.7.1 Options. In the event that Andreini's employment with the Company is terminated pursuant to Sections 6.2, 6.3 or 6.5 of this Agreement, all Options granted to Andreini by the Company shall immediately vest upon such termination and remain exercisable until the scheduled expiration date of each such Option. The Options shall be subject to the provisions of the Option Plan and the specific Stock Option Agreement in effect with regard to each Option grant, provided that, to the extent the provisions of the Stock Option Agreements are inconsistent with this Section 6.7.1, this Section shall control.

6.8 Termination Payments. If Andreini's employment with the Company terminates for whatever reason, the Company will pay Andreini (i) any accrued and unpaid Base Salary as of the date of termination and (ii) an amount to reimburse Andreini for any and all monies advanced or

expenses incurred on or prior to the date of termination but not paid to Andreini. In addition, if Andreini's employment with the Company terminates pursuant to Sections 6.2 or 6.3 hereof the Company will (i) pay, in twelve equal monthly installments, to Andreini an amount equal to the sum of his Base Salary at the rate then in effect plus an amount equal to the cash bonus, if any, paid or payable in respect of the year preceding the year in which the termination of employment occurs or, if greater, the cash bonus, if any, payable in respect of the year in which the termination occurs assuming for this purpose that all applicable performance goals were achieved at 100%, and (ii) continue to provide Andreini and his beneficiaries for one (1) year following such termination, health and welfare benefits substantially similar in the aggregate to those provided to the other most senior executives of the Company; provided, however, that the Company's obligation with respect to the foregoing benefits shall be reduced to the extent Andreini or his beneficiaries obtains any such benefits pursuant to a subsequent employer's benefit plans. Andreini's entitlement to other benefits shall be delivered in accordance with the Company's benefit plans then in effect.

6.9 Survival of Agreement Upon Termination. In the event that Andreini's employment is terminated pursuant to any provision set forth in this Section 6, the rights and obligations of the Parties which are set forth in Sections 7 through 16 of this Agreement shall survive the employment termination for a period from the date of such employment termination through the third (3rd) anniversary of such date.

7 Confidential Information. Andreini hereby agrees and acknowledges that the following information and materials, whether in written, oral, magnetic, photographic, optical or other form and whether now existing or developed or created during the period of Andreini's employment or engagement with the Company, excepting information obtained by Andreini from general or public sources, are proprietary to the Company and are highly confidential in nature (the "Confidential Information"):

7.1 Business Records, Marketing Plans and Customer Information. All books, records, documents, memoranda and materials, and the information contained therein directly relating to the business and finances of the Company including, but not limited to: (i) marketing and development plans, forecasts, forecast assumptions,

forecast volumes, future plans and potential strategies of the Company; (ii) cost objectives, pricing policies and procedures, quoting policies and procedures, and unpublished price lists; (iii) licensing policies, strategies and techniques; (iv) customer lists, names of past, present and prospective customers and their representatives; (v) data and other business information about or provided by past, present and prospective customers; (vi) names of past, present and prospective vendors and their representatives, data and other Information about or provided by past, present and prospective vendors; (vii) purchasing information, orders, invoices, billings, and payment of billings;

(viii) past, present and prospective licenses and licensees, the terms and conditions of any licenses or prospective licenses, contracts or prospective contracts; (ix) types of products, supplies, materials and services purchased, leased, licensed and/or sold by the Company; (x) past, present and future research and development arrangements; (xi) customer service information; (xii) joint ventures, mergers and/or acquisitions; (xiii) the Company personnel policies and procedures, the Company personnel files, and the compensation of officers, directors and employees of the Company; and (xiv) all other confidential business records and trade secrets of the Company.

7.2 Technology and Manufacturing Procedures. All books, records, documents, memoranda and materials, and the information contained therein, relating to the technology of the Company (whether or not patentable, whether or not protected by copyright, whether developed by or for the Company) including, but not limited to: (i) ideas and concepts for existing and new products, processes and services; (ii) specifications for products, equipment and processes, whether technical or financial; (iii) manufacturing and performance specifications and procedures; (iv) engineering drawings, flow charts, and graphs; (v) technical, research and engineering data; (vi) formulations, materials, and material specifications; (vii) laboratory studies and benchmark tests; (viii) laboratory notebooks; (ix) plant layout and equipment; (x) manuals, including service manuals and operation manuals; (xi) quality assurance policies, procedures and specifications; (xii) validation studies; and (xiii) all other know-how, methodology, procedures, techniques and trade secrets related to the research, engineering and development affairs of the Company.

7.3 Third Party Information. Any and all other information and materials in the Company's possession or under its control from any other person or entity which the Company is obligated to treat as confidential or proprietary ("Third Party Information").

7.4 Not Generally Known. Any and all Confidential Information not generally known to the public or within the industries or trades in which the Company competes.

8 General Skills and Knowledge. The general skills and experience gained by Andreini during Andreini's employment with the Company, and information publicly available or generally known within the industries or trades in which the Company competes, is not considered Confidential Information.

9 Andreini's Obligations as to Confidential Information and Materials. During Andreini's employment by the Company, Andreini will have access to Confidential Information and will occupy a position of trust and confidence with respect to the Company's affairs and business. Andreini agrees to take the following steps to preserve the confidential and proprietary nature of the Confidential Information:

9.1 Non-Disclosure. During and for a period of three (3) years after Andreini's employment with the Company, Andreini will not use, disclose or otherwise permit any person or entity access to any of the Confidential Information other than as required in the performance of Andreini's duties with the Company by order of a court of competent jurisdiction, by a governmental agency or otherwise by applicable law.

9.2 Prevent Disclosure. Andreini will take all reasonable precautions to prevent disclosure of the Confidential Information in accordance with the Company's reasonable instructions to Andreini.

9.3 Return all Materials. Upon termination of Andreini's employment with the Company, for any reason whatsoever, Andreini will deliver to the Company all tangible materials embodying the Confidential Information, including, without limitation, any documentation, records, listings, notes, data, sketches, drawings, memoranda, models, accounts, reference materials, samples, machine-readable media and equipment which in any way relate to the Confidential Information.

10 Ideas and Inventions. Andreini agrees that all right, title and interest in or to any and all Inventions are the property of the Company. For the purposes of this Agreement, "Inventions" shall mean all ideas, concepts, know-how, techniques, processes, methods, inventions, discoveries, developments, innovations and improvements (i) conceived or made by Andreini, whether alone or with others, in the course of Andreini's employment by the Company, or (ii) conceived or made by Andreini, whether alone or with others, in the course of Andreini's employment, but which reach fruition within the period from the date of termination of Andreini's employment through the second (2nd) anniversary of such date, and which either (a) involve or are reasonably related to the business of the Company or to the Company's actual or demonstrably anticipated research or development; or (b) incorporate or are derived from, in whole or in part, any of the Confidential Information. Andreini agrees to promptly disclose all Inventions to the Company, and to provide all assistance reasonably requested by the Company in the preservation of its interests in the Inventions, such as by executing documents, testifying, etc. Andreini agrees to execute, acknowledge and deliver any instruments confirming the complete ownership by the Company of such Inventions. Such assistance shall be provided at the Company's expense without any additional compensation to Andreini.

11 Copyrights. Andreini agrees that any work prepared for the Company which is protected under United States Copyright laws or under the universal Copyright Convention, the Berne Copyright convention and/or the Buenos Aires Copyright Convention shall be a work made for hire and ownership of all copyrights (including all renewals and extensions) therein shall vest in the Company. In the event any such work is deemed not to be a work made for hire for any reason, Andreini hereby grants, transfers and assigns all right, title and interest in such work and all copyrights in such work and all renewals and extensions thereof to the Company, and agrees to provide all assistance reasonably requested by the Company in the establishment, preservation and enforcement of its copyright in

such work, such assistance to be provided at the Company's expense but without any additional compensation to Andreini. Andreini hereby agrees to and does hereby waive all moral rights with respect to the work developed or produced hereunder, including, without limitation any and all rights of identification of authorship and any and all rights of

approval, restriction, or limitation on use or subsequent modifications.

12 Conflicting Obligations and Rights. Before (i) performing any obligations Andreini may have to preserve the confidentiality of another's proprietary information or materials, or (ii) exercising any rights Andreini may claim to any patent or copyrights trade secrets, or other discoveries, inventions, ideas, know-how, techniques methods, processes or other proprietary information or materials before performing that work, Andreini shall inform the Company in writing of any apparent conflict between Andreini's work for the Company and such other obligations and/or rights. In the absence of such written notice, the Company may conclude that no such conflict exists and Andreini agrees thereafter to make no such claim against the Company. The Company shall hold such disclosures by Andreini in strict confidence.

13 Restrictive Covenants.

13.1 Acknowledgement. Andreini acknowledges that (i) the Company's business is all aspects of business-to-business electronic commerce, but not limited to, building, owning and operating electronic commerce networks; and providing systems integration and consulting services relating thereto, and (ii) fulfillment of the obligations hereunder will result in Andreini becoming familiar with the business affairs of the Company and any present or future parent, subsidiary and/or affiliate.

13.2 Covenant Not to Compete. In consideration for the Compensation, and as a condition to the performance by the Company of all obligations under this Agreement, Andreini agrees that during the Initial Employment Term or any Succeeding Employment Terms of this Agreement and for the period from the date of termination of Andreini's employment pursuant to either Section 6.1 or 6.4 hereof through the first (1st) anniversary of such date (the "Non-compete Term"), Andreini shall not directly or indirectly through any other person, firm or corporation compete with or be engaged in the same business or "participate in" any other business or organization which during such period competes with or is engaged in the same business as the Company. The term "participate in" shall mean: "directly or indirectly, for his own benefit or for, with, or through any other person, firm, or corporation, own, manage, operate, control, loan money to, or participate in the ownership, management, operation, or control of, or be connected as a director, officer, employee, partner, consultant, agent, independent contractor, or otherwise with, or acquiesce in the use of his name." In addition, during the Non-compete Term Andreini agrees not to recruit, contract or hire any employee of the Company, or otherwise induce such employee to leave the employment of the Company, to become an employee of or otherwise be associated with him or any company or business with which he is or may become associated with. Notwithstanding the foregoing, it shall not be a breach of the provisions of this Section 13 if, after the term of this Agreement, Andreini is a passive investor in any publicly held entity and Andreini owns three (3%) percent or less of the equity interests therein.

13.3 Restrictive Covenants Necessary and Reasonable. Andreini agrees that the provisions of this Section 13 are necessary and reasonable to protect the Company in the conduct of its business. If any restriction contained in this Section 13 shall be deemed to be invalid, illegal, or unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof and in its reduced form such

restriction shall then be enforceable in the manner contemplated hereby.

14 Injunctive Relief. Andreini, recognizing that irreparable injury shall result to the Company in the event of Andreini's breach of the terms and conditions of this Agreement, agrees that in the event of his breach or threatened breach, the Company shall be entitled to seek injunctive relief restraining Andreini, and any and all persons or entities acting for or with him, from such breach or threatened breach. Nothing herein contained, however, shall be construed as prohibiting the Company from pursuing any other remedies available to it by reason of such breach or threatened breach.

15 Indemnification.

15.1 To the full extent allowed by law, the Company shall hold harmless and indemnify Andreini, his executors, administrators or assigns, against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) actually incurred by Andreini (net of any related insurance proceeds or other amounts received by Andreini or paid by or on behalf of the Company on Andreini's behalf in compensation of such judgments, penalties, fines, settlements or expenses) in connection with any threatened, actual or completed action, suit or proceeding, whether civil, criminal, arbitral, administrative or investigative, or any appeal in such action, suit or proceeding, to which Andreini was, is or is threatened to be made a named defendant or respondent (a "Proceeding"), because Andreini is or was a director or officer of the Company, or was serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary (an "Affiliate Executive") of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise (each, a "Company Affiliate"). Upon authorization of indemnification of Andreini by the Board in accordance with the applicable provisions of the corporation law of the Company's domicile, Andreini shall be presumed to be entitled to such indemnification under this Agreement upon submission of a Claim (as hereinafter defined). Thereafter, the Company shall have the burden of

proof to overcome the presumption that Andreini is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals have expired ("Final Determination"), adverse to Andreini establishing that such indemnification is not permitted hereunder or by law. An actual determination by the Company (including its Board, legal counsel, or its stockholders) that Andreini has not met the applicable standard of conduct for indemnification shall not be a defense to the action or create a presumption that Andreini has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or affect the rights and obligations of the Company or of Andreini under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Andreini shall not in any way diminish, restrict, limit or affect Andreini's right to indemnification from the Company or any other Party or Parties under any other indemnification arrangement, the Certificate of Incorporation or Bylaws of the Company, or the DGCL.

15.2 Subject only to the provisions of this Section 15.2, as long as Andreini shall continue to serve as a director and/or officer of the Company (or shall continue at the request of the Company to serve as an Affiliate Executive) and, thereafter, as long as

Andreini shall be subject to any possible Proceeding by reason of the fact that Andreini was or is a director and/or officer of the Company (or served in any of said other capacities), the Company shall, unless no such policies are available in any market, purchase and maintain in effect for the benefit of Andreini one or more valid, binding and enforceable policies (the "Insurance Policies") of directors' and officers' liability insurance ("D&O Insurance") providing adequate liability coverage for Andreini's acts as a director and/or officer of the Company or as an Affiliate Executive. The Company may promptly notify Andreini of any lapse, amendment or failure to renew said policy or policies or any provision thereof relating to the extent or nature of coverage provided thereunder. In the event the Company does not purchase and maintain in effect said policy or policies of D&O Insurance pursuant to the provisions of this Section 15.2, the Company shall, to the full extent permitted by law, in addition to and not in limitation of the other rights granted Andreini under this Agreement, hold harmless and indemnify Andreini to the full extent of coverage which would otherwise have been provided for the benefit of Andreini pursuant to the Insurance Policies.

15.3 Andreini shall have the right to receive from the Company on demand, or at his Option to have the Company pay promptly on his behalf, in advance of a Final Determination of a Proceeding all expenses payable by the Company pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by Andreini in connection with such Proceeding or otherwise expended or incurred by Andreini (such amounts

so expended or incurred being referred to as "Advanced Amounts"). In making any claim for payment by the Company of any expenses, including any Advanced Amount, pursuant to this Agreement, Andreini shall submit to the Company a written request for payment (a "Claim"), which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit. Where Andreini is requesting Advanced Amounts, Andreini must also provide (i) written affirmation of such Andreini's good faith belief that he has met the standard of conduct required by law for indemnification, and (ii) a written undertaking to repay such Advanced Amounts if a Final Determination is made that Andreini is not entitled to indemnification hereunder.

15.4 The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Andreini for an accounting of profits made from the purchase or sale by Andreini of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of any state statutory law or common law.

15.5 All agreements and obligations of the Company contained herein shall continue during the period Andreini is a director and/or officer of the Company (or is serving at the request of the Company as an Affiliate Executive) and shall continue thereafter so long as Andreini shall be subject to any possible Proceeding by reason of the fact that Andreini was a director or officer of the Company or was serving as such an Affiliate Executive.

15.6 Promptly after receipt by Andreini of notice of the commencement of any Proceeding, Andreini shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof, but failure to so notify the Company will not relieve the Company from any liability which it may have to Andreini. With respect to any such Proceeding: (i) the Company shall be entitled to participate therein at its own

expense; (ii) except with prior written consent of Andreini, the Company shall not be entitled to assume the defense of any Proceeding; and (iii) the Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on Andreini without Andreini's prior written consent.

16 Dispute Resolution. The Company and Andreini agree that any dispute or controversy arising between any of the Parties to this Agreement, or any person or entity in privity therewith, out of the transactions effected and relationships created in connection herewith, including any dispute or controversy involving the formation, terms or construction of this Agreement, regardless of kind or character, will be resolved through binding arbitration held in New York, NY. The only disputes not subject to mandatory, binding arbitration are requests for

injunctive relief. With respect to the arbitration of any dispute or controversy, each Party understands that: (i) arbitration is final and binding on the Parties; (ii) each Party is waiving its right to seek certain remedies in court, including to right to a jury trial; (iii) discovery in arbitration is different and more limited than discovery in litigation; and (iv) an arbitrators' award need not include factual findings or legal reasoning, and any Party's right to appeal or to seek modification of a ruling by the arbitrator is strictly limited.

16.1 Each Party to this Agreement will submit any dispute or controversy to arbitration before the American Arbitration Association ("AAA") within five (5) days after receiving a written request to do so from the other Party. If any Party fails to submit a dispute or controversy to arbitration as requested, then the requesting Party may commence the arbitration proceeding. The Federal Arbitration Act will govern the proceeding and all issues raised by this Agreement to be arbitrated. Each Party to this Agreement will be bound by the determination of an arbitration panel of three members empanelled by the AAA to adjudicate the dispute. Judgment on any arbitration award may be entered in any court of competent jurisdiction.

16.2 Any Party to this Agreement may bring an action including a summary or expedited proceeding of any such dispute or controversy in a court of competent jurisdiction and, further, may seek provision or ancillary remedies, including temporary or injunctive relief in connection with such dispute or controversy in a court of competent jurisdiction, provided that the dispute or controversy is ultimately resolved through binding arbitration conducted in accordance with the terms and conditions of Section 16. If any Party institutes legal proceedings in an effort to resist arbitration and is unsuccessful in doing so, the prevailing Party is entitled to recover, from the losing Party, its legal fees and out-of-pocket expenses incurred in connection with the defense of such legal proceedings.

17 Miscellaneous.

17.1 Notices. Any and all notices, demands, requests or other communication required or permitted by this Agreement or by law to be served on, given to, or delivered to any Party hereto by any other Party to this Agreement shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the Party to be notified, or in lieu of such personal delivery, when deposited in the United States mail, registered or certified mail, return receipt requested, or when confirmed as received if delivered by overnight courier, addressed to the to the Party to be notified, at the address of the Company at its principal office, as first set forth above, or to Andreini at the address as first set forth above. The Company or Andreini may change the address in the manner required by law for purposes of this paragraph by giving notice of the change, in

the manner required by this paragraph, to the respective Parties.

17.2 Amendment. This Agreement may not be modified, changed, amended, or altered except in writing signed by Andreini or his duly authorized representative, and by a member of the Board.

17.3 Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of New York. It shall inure to the benefit of and be binding upon the Company, and its successors and assigns.

17.4 Attorney's Fees. Should Andreini substantially prevail any litigation or arbitration commenced between the Parties to this Agreement concerning any provision of this Agreement, the expense of all attorneys' fees and other costs incurred by Andreini in connection therewith shall be paid by the Company.

17.5 Severability. Should any provision or portion of this Agreement be held unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

17.6 Entire Agreement. This Agreement constitutes the sole and only agreement of the Parties hereto respecting the subject matter hereof. Any prior agreements, promises, negotiations, or representations concerning its subject matter not expressly set forth in this Agreement, are of no force and effect.

17.7 Counterparts. This Agreement and any certificates made pursuant hereto, may be executed in any number of counterparts and when so executed all of such counterparts shall constitute a single instrument binding upon all Parties hereto notwithstanding the fact that all Parties are not signatory to the original or to the same counterpart.

17.8 Section Headings. The Article and Section headings used in this Agreement are for reference purposes only, and should not be used in construing this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth below.

eB2B Commerce, Inc.

By:______________________
Peter J. Fiorillo
Chief Executive Officer

Date:_____________________

By:______________________
Alan Andreini
Date:_____________________

EXH 10

EXH 10.5

Employment Agreement (the "Agreement"), effective as of June 1, 2000 (the "Effective Date"), between EB2B COMMERCE, INC., a Delaware corporation with principal offices at 757 Third Avenue, New York, New York 10022, (the "Company") and JOHN J. HUGHES, JR., residing at 235 Garth Road, Apt. D-6A, Scarsdale, New York 10583 ("Hughes"). The Company and Hughes may be referred to herein collectively as the "Parties" or individually as a "Party."

WHEREAS, the Company is engaged in the building, owning and operating of electronic commerce networks; and

WHEREAS, the Company desires Hughes to serve as Executive Vice President- Corporate Development and General Counsel of the Company and Hughes desires to accept the positions of Executive Vice President- Corporate Development and General Counsel and serve the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein set forth, the Parties do hereby agree as follows:

1 Employment. The Company hereby employs Hughes and Hughes accepts this employment and agrees to render services to the Company on the terms and conditions set forth in this Agreement. During the term of this Agreement, Hughes shall serve as Executive Vice President- Corporate Development and General Counsel of the Company, to perform services for the Company normally associated with such positions and such other duties as the Board of Directors ("Board") or Chief Executive Officer reasonably request. Hughes shall use his best efforts to meet the business requirements and goals set by the Board. In furtherance thereof, Hughes will devote his best efforts, including his full-time attention, during reasonable business hours, to the affairs and business of the Company. Hughes agrees not to serve on any corporate, industry, civic, or charitable boards or committees that would interfere or create a conflict of interest with respect to his duties hereunder without the prior consent of the Board. Hughes further agrees to observe and comply with the rules and regulations of the Company as adopted by the Board with respect to performance of his duties, and to carry out and perform all reasonable orders, directions, and policies enacted by the Board. Notwithstanding the foregoing, the Company recognizes that Hughes currently serves as a member of the board of directors of Studion Inc., and is currently contemplating joining one more board, and that such positions may have ongoing obligations. The Company hereby agrees that Hughes' service on the board of directors of Studion Inc. and such additional board shall not be a breach of the provisions of this Section 1; provided that such service on the boards does not interfere with, nor create a conflict of interest with respect to Hughes' performance of his duties hereunder. Hughes agrees to use reasonable business efforts to coordinate his respective commitments so as to fulfill his obligations to the Company hereunder.

2 Term. The term of this Agreement shall be the period from the Effective Date and terminating on December 31, 2003 (the "Initial Employment Term"). The Agreement shall thereafter automatically renew for successive one (1) year terms, until terminated by either Party in accordance with this Agreement (the "Succeeding Employment Term"), unless either Party provides written notice of termination to the other party at least ninety (90) days prior to the expiration of the Initial Employment Term or any Succeeding Employment Term. For purposes of this Agreement, the phrase "Term" when used in this Agreement shall mean either the Initial Employment Term, the Succeeding Employment Term, or both, as the context requires.

3 Compensation.

a. Base Salary. The Company will compensate and pay Hughes for his services during the term of this Agreement at a base salary of not less than $175,000 per year and the Company agrees that the base salary will increase annually in an amount no less than five (5%) percent of the previous year's base salary (the "Base Salary"), with the first such increase to occur on January 1, 2001, and on January 1 of each year of the Term thereafter. The Base Salary shall be payable to Hughes in accordance with the Company's standard payroll policy for similarly situated employees of the Company.

b. Bonus.

i. Signing Bonus. Upon the execution of this Agreement, Hughes will be entitled to the sum of thirty-five thousand ($35,000) dollars as a signing bonus from the Company ("Signing Bonus"). The Company will pay the Signing Bonus to Hughes ratably over a three (3) month period, commencing upon the Effective Date.

ii. Annual Bonus. Hughes may receive, from time to time, bonus compensation from the Company, as directed by the Board of Directors following the negotiation of the terms by the Parties (the "Bonus Compensation"). If at any time hereafter the Company shall adopt a bonus program, an option program or any other form of equity participation for executives of the Company, Hughes shall be eligible to participate in such program in a manner and capacity commensurate with his position and duties. Notwithstanding the foregoing, for the period commencing on the Effective Date through December 31, 2000, and each year of Term of this Agreement, the Company will pay Hughes a bonus no less than seventy-five thousand ($75,000) dollars ("Minimum Bonus"). During the first six (6) months of this Agreement, twenty-five thousand ($25,000) of the Bonus ("Payout Bonus") will be paid to Hughes in equal monthly installments, and for each calendar year thereafter, the Payout Bonus will be paid to Hughes ratably at the end of each calendar quarter. The remaining balance of the

Minimum Bonus will be paid to Hughes within three (3) months after calendar year end. In addition, Hughes will also be eligible for an additional bonus of at least $75,000 (the "Maximum Bonus") based upon reasonably based and achievable business goals which the CEO and Hughes mutually agree. The Company and Hughes agree that the goals for the Maximum Bonus will be set within 30 days of the Effective Date, and by January 31st of each of year of the Term thereafter.

c. Stock Options. Without limiting the foregoing, during the term of this Agreement, Hughes shall be entitled to participate, as determined by the Board of Directors, in the Company's incentive stock option plan to the same extent as other employees of the Company. In addition, Hughes shall be entitled to receive options to purchase two hundred sixty-six thousand (266,000) shares of the Common Stock of the Company ("Options") pursuant to the terms of the Company's 2000 Stock Option Plan (the "Option Plan"), subject to the following terms: (a) the Options will vest as follows: (i) one third (1/3) will vest immediately upon the Effective Date, and (ii) the remaining

two-thirds (2/3) will vest ratably at the end of each month that Hughes is employed by the Company over a two (2) year period, commencing upon the Effective Date; (b) the exercise price of the Options shall be $2.07 per share, as appropriately adjusted for stock splits, stock dividends, and the like; (c) the Options shall have a term of 10 years; and (d) the other terms and conditions of the Options will be in accordance with the provisions of the Option Plan and the Stock Option Agreement evidencing the issuance of the Options. In addition, one hundred (100%) percent of the Options shall immediately vest upon Peter Fiorillo's departure as the Company President and Chief Executive Officer, for whatever reason, and shall be immediately exercisable at any time prior to the expiration date of the term of the Options whether or not Hughes is employed by the Company at the time of such exercise.

4 Benefits.

a. Health Insurance; Vacation. The Company shall provide Hughes with health insurance coverage, personal time and other benefits during the term of this Agreement as agreed upon by the Board, but in no event will such benefits be less than those offered to other executives of the Company. Hughes shall be entitled to four (4) weeks paid vacation during each year of this Agreement and an additional week for each additional year of service thereafter, up to a maximum of six (6) weeks.

b. Life Insurance. The Company shall have the right at its own expense and for its own benefit to purchase insurance on Hughes' life, and Hughes shall cooperate by providing necessary information, submitting to required medical examinations, and otherwise complying with the insurance carrier's requirements.

c. Car Allowance. The Company will pay to Hughes a car allowance of eight hundred ($800) dollars per month. Such car allowance shall increase by $100 in each January during the Term. In addition, the Company will reimburse Hughes for all costs of fuel and repairs incurred in connection with the use of a car. The Company will also give Hughes a computer and all appropriate ancillary equipment, as Hughes shall determine, for use at his home. The Company will also reimburse all costs of maintenance, repair, upgrades, high speed internet access and software as Hughes shall determine.

d. Country Club and Health Membership. The Company shall reimburse Hughes, or pay directly if requested by Hughes, for any initiation fees, membership fees, dues and expenses incurred by Hughes during the term of this Agreement for a membership in a country club chosen by Hughes and approved by the Company, and for any health club chosen by Hughes.

e. Miscellaneous. Hughes shall be entitled to participate in all other retirement, welfare and other benefit plans, and to receive all fringe benefits, that are provided by the Company to its executives from time to time, to the extent Hughes meets the eligibility requirements for any such plan or benefit. (For purposes of this Agreement, the benefits described in Sections 4.1, 4.3 and 4.4 are hereafter collectively defined as the "Benefits.")

5 Expenses. The Company shall either reimburse Hughes, or pay directly if requested by Hughes, or otherwise provide for or pay for all reasonable expenses incurred by Hughes in furtherance of or in connection with the business of the Company, including, but not by way of limitation, (i) all reasonable expenses incurred by Hughes in accordance with the Company's travel policy, as established by the Board; and (ii) all reasonable expenses in connection with Hughes' attendance at trade, professional and industry related conferences which are in furtherance

of the business of the Company as Hughes shall determine in his sole discretion. Hughes agrees that he will furnish the Company with adequate records and other documents for the substantiation of each such business expense.

6 Employment Termination.

a. Resignation of Hughes Without Good Reason. The Parties agree that Hughes has the right to voluntarily terminate his employment with the Company by providing the Company with a minimum of twenty (20) days' prior written notice. Upon the termination date specified in the notice, Hughes will cease to have any of the powers associated with the offices he held with the Company. In such event, all of the Company's obligations under this Agreement will terminate immediately upon the date of such termination of employment.

b. Resignation of Hughes for Good Reason. The Parties agree that Hughes has the right to voluntarily terminate his employment with the Company for "Good Reason" upon providing twenty(days prior written notice to the

Board. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events or conditions:

i. a change in Hughes' status, titles, positions or responsibilities which represents an adverse change from his status, titles, positions or responsibilities as in effect immediately prior thereto; the assignment to Hughes of any duties or responsibilities which are inconsistent with his status, titles or positions; or any removal of Hughes from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for "Disability" (as defined below), for "Cause" (as defined below), as a result of his death, or by Hughes other than for Good Reason;

ii. a reduction in the Base Salary;

iii. the relocation of the offices of the Company at which Hughes is principally employed to a location more than fifty (50) miles from the location of such offices immediately prior to the relocation, except for required travel on business of the Company to an extent substantially consistent with Hughes' customary business travel obligation and duties; or

iv. the failure by the Company or its affiliates to pay to Hughes any portion of Hughes' current compensation, or to pay any of the Benefits within twenty (20) days of the date such payment is due.

c. Termination by the Company for Convenience. The Parties agree that the Board has the right to terminate Hughes' employment for convenience during the term of this Agreement upon notice to Hughes. The date of termination will be the date specified in a notice from the Board and will be at least sixty (60) days following such notice. Hughes will cease to have any power of his office as of such date. In addition, the failure of the Company to extend the Term of this Agreement for a Succeeding Employment Term (or a termination by the Company which has the effect of terminating this Agreement without a Succeeding Employment Term) shall be deemed a termination of Hughes' employment by the Company for convenience.

d. Termination by the Company for Cause. The Parties agree that

the Board has the right to terminate Hughes' employment during the term of this Agreement for "Cause." For the purposes of this Agreement, the term "Cause" will mean:

i. Conduct on Hughes' part that is willfully intended to and likely to injure the Company's business or reputation;

ii. Actions by Hughes intentionally furnishing materially false, misleading or omissive information to the Board which results in damage to the Company;

iii. Hughes is convicted of any felony or other serious offense;

iv. Abusive use of drugs or alcohol by Hughes;

v. Any fraud, embezzlement or misappropriation by Hughes of the "assets" of the Company. For the purposes of this provision, the Parties acknowledge that "asset" includes, but is not limited to the "Confidential Information" (as defined in Section 7 of this Agreement); or

vi. The willful and significant failure by Hughes to perform reasonably assigned duties and obligations as set forth in this Agreement, resulting in substantial damage to the Company, but not encompassing illness, physical or mental incapacity.

For purposes of this provision, no act or failure to act on the part of Hughes shall be considered "willful" unless it is done, or omitted to be done, by Hughes in bad faith or without reasonable belief that his action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Hughes in good faith and in the best interests of the Company and its affiliates. Hughes' employment hereunder shall not be deemed to be terminated for Cause until a Notice of Termination (as defined below) is provided to him, and within seven (7) days after the Notice of Termination is given to Hughes, he, together with counsel, is heard before the Board (a "Board Hearing") during which Board Hearing, the Board in good faith resolves that Hughes is guilty of the conduct described in Section 6.4 hereof. In the event that Hughes' employment is terminated by the Company for Cause, the date of employment termination will be as specified in the Notice of Termination to Hughes from the Company, and Hughes will cease to have any authority to act on behalf of the Company as of such date. The Company will pay Hughes the Base Salary due him as of such date, and all benefits provided by the Company to Hughes will cease as of such date except as otherwise required by law. In the event that Hughes' employment is terminated by the Company for Cause, and the Board determines that the termination was for reasons other than for Cause, Hughes will be entitled to receive the Termination Compensation (as defined below) that would normally have been due him for a termination by the Company pursuant to Section 6.2 hereof. Additionally, Hughes shall be reimbursed for all legal and other expenses incurred by him related to said termination.

e. Termination by the Company for Death or Disability. The Parties agree that Hughes' employment will terminate upon Hughes' death or Disability. The term "Disability" shall be defined as Hughes' inability, through physical or mental illness to perform the majority of his usual duties for a period of at least three (3) continuous months.

f. Change of Control. Provided that the Company is a public company, Hughes may terminate this Agreement upon twenty (20) days' notice to the Company at any time within the one hundred eighty (180) day period following the date of the occurrence of

a "Change of Control." For the purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if: the Company has a net worth of at least one million

($1,000,000) dollars (as reflected on any quarterly or annual financial statement), and either (i) a third person, including an entity or a "group" as defined in Article 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (other than an entity or "group" which includes Hughes), becomes the beneficial owner of shares of the Company having thirty (30%) percent or more of the total number of votes that may be cast for the election of directors of the Company in the year 2000 and thereafter; or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger of other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Company before the Transaction shall cease to constitute a majority of the Board of the Company or any successor to the Company. In addition, the term "Change of Control" shall also include the departure of Peter Fiorillo as the Chief Executive Officer of the Company, for whatever reason. In the event Hughes does not exercise his rights to terminate this Agreement in the event of a Change of Control as a result of the departure of Peter Fiorillo as the Chief Executive Officer of the Company, the same rights to terminate this Agreement for a Change of Control shall be in place for Hughes with respect to the departure of the Chief Executive Officer who immediately succeeds Fiorillo as Chief Executive Officer of the Company.

g. Notice of Termination. Any termination by the Company for Cause, or by Hughes for Good Reason or as a result of a Change of Control, shall be communicated by Notice of Termination to the other Party hereto given in accordance with Section 17 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Hughes' employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the termination date of this Agreement which date shall be in accordance with the specific termination provision of this Agreement relied upon.

h. Obligations of the Company Upon Certain Terminations.

    i. Options. In the event that Hughes' employment with the Company is terminated pursuant to Sections 6.2, 6.3, 6.5 or 6.6 of this Agreement, all Options granted to Hughes by the Company shall immediately vest upon such termination and remain exercisable until the scheduled expiration date of each such Option. The Options shall be subject to the provisions of the Option Plan and the specific Stock Option Agreement in effect with regard to each Option grant, provided that, to the extent the provisions of the Stock Option Agreements are inconsistent with this Section 6.8.1, this Section shall control.

    ii. Termination Compensation. If Hughes' employment with

the Company terminates for whatever reason, the Company will pay Hughes (i) any accrued and unpaid Base Salary and pro-rated Minimum Bonus as of the date of termination, (ii) the payment or reimbursement of all unpaid Benefits incurred up to the date of termination, and (iii) an amount to reimburse Hughes for any and all monies advanced or expenses incurred on or prior to the date of termination but not paid to Hughes. In addition, if Hughes' employment with the Company terminates pursuant to Sections 6.2, 6.3, 6.5 or 6.6 hereof the Company will pay Hughes an amount equal to one hundred fifty (150%) percent of the annual compensation due to be paid to Hughes in the year of such termination (including Base Salary, Minimum Bonus and Maximum Bonus) (the "Termination Compensation"). The Termination Compensation herein shall be deemed liquidated damages resulting from the Company's sole and exclusive remedy for any such termination. Termination Compensation shall not be diminished or offset by reason of any earnings by Hughes subsequent to the date of termination.

iii. Payment of Termination Compensation. Except as otherwise provided below, the Termination Compensation shall be paid in monthly installments over the twelve (12) months following the event giving rise to the payment of Termination Compensation. If employment termination is a result of the death of Hughes, the initial Termination Compensation payments shall be made within fifteen (15) days after the personal representative of Hughes' estate notifies the Company that Letters Testamentary have been issued to the estate appointing an authorized representative of the estate.

iv. Continuation of Benefits. In addition, if Hughes' employment with the Company terminates pursuant to Sections 6.2, 6.3, 6.5 or 6.6 hereof, Hughes shall be entitled to the Benefits and all of the other benefits and personal perquisites otherwise provided in this Agreement during the two year period following the date of termination.

Survival of Agreement Upon Termination. In the event that Hughes' employment is terminated pursuant to any provision set forth in this Section 6, the rights and obligations of the Parties which are set forth in Sections 7 through 16 of this Agreement shall survive the employment termination for a period from the date of such employment termination through the third (3rd) anniversary of such date.

7 Confidential Information. Hughes hereby agrees and acknowledges that the following information and materials, whether in written, oral, magnetic, photographic, optical or other form and whether now existing or developed or created during the period of Hughes' employment or engagement with the Company, excepting information obtained by Hughes from general or public

sources, are proprietary to the Company and are highly confidential in nature (the "Confidential Information"):

a. Business Records, Marketing Plans and Customer Information. All books, records, documents, memoranda and materials, and the information contained therein directly relating to the business and finances of the Company including, but not limited to: (i) marketing and development plans, forecasts, forecast assumptions, forecast volumes, future plans and potential strategies of the Company; (ii) cost objectives, pricing

policies and procedures, quoting policies and procedures, and unpublished price lists; (iii) licensing policies, strategies and techniques; (iv) customer lists, names of past, present and prospective customers and their representatives; (v) data and other business information about or provided by past, present and prospective customers; (vi) names of past, present and prospective vendors and their representatives, data and other Information about or provided by past, present and prospective vendors; (vii) purchasing information, orders, invoices, billings, and payment of billings; (viii) past, present and prospective licenses and licensees, the terms and conditions of any licenses or prospective licenses, contracts or prospective contracts; (ix) types of products, supplies, materials and services purchased, leased, licensed and/or sold by the Company; (x) past, present and future research and development arrangements; (xi) customer service information; (xii) joint ventures, mergers and/or acquisitions; (xiii) the Company personnel policies and procedures, the Company personnel files, and the compensation of officers, directors and employees of the Company; and (xiv) all other confidential business records and trade secrets of the Company.

b. Technology and Manufacturing Procedures. All books, records, documents, memoranda and materials, and the information contained therein, relating to the technology of the Company (whether or not patentable, whether or not protected by copyright, whether developed by or for the Company) including, but not limited to: (i) ideas and concepts for existing and new products, processes and services; (ii) specifications for products, equipment and processes, whether technical or financial; (iii) manufacturing and performance specifications and procedures; (iv) engineering drawings, flow charts, and graphs; (v) technical, research and engineering data; (vi) formulations, materials, and material specifications; (vii) laboratory studies and benchmark tests; (viii) laboratory notebooks; (ix) plant layout and equipment; (x) manuals, including service manuals and operation manuals; (xi) quality assurance policies, procedures and specifications; (xii) validation studies; and (xiii) all other know-how, methodology, procedures, techniques and trade secrets related to the research, engineering and development affairs of the Company.

c. Third Party Information. Any and all other information and materials in the Company's possession or under its control from any other person or

entity which the Company is obligated to treat as confidential or proprietary ("Third Party Information").

d. Not Generally Known. Any and all Confidential Information not generally known to the public or within the industries or trades in which the Company competes.

8 General Skills and Knowledge. The general skills and experience gained by Hughes during Hughes' employment with the Company, and information publicly available or generally known within the industries or trades in which the Company competes, is not considered Confidential Information.

9 Hughes' Obligations as to Confidential Information and Materials. During Hughes' employment by the Company, Hughes will have access to Confidential Information and will occupy a position of trust and confidence with respect to the Company's affairs and business. Hughes agrees to take the following steps to preserve the confidential and proprietary nature of the Confidential Information:

a. Non-Disclosure. During and for a period of three (3) years

after Hughes' employment with the Company, Hughes will not use, disclose or otherwise permit any person or entity access to any of the Confidential Information other than as required in the performance of Hughes' duties with the Company by order of a court of competent jurisdiction, by a governmental agency or otherwise by applicable law.

b. Prevent Disclosure. Hughes will take all reasonable precautions to prevent disclosure of the Confidential Information in accordance with the Company's reasonable instructions to Hughes.

c. Return all Materials. Upon termination of Hughes' employment with the Company, for any reason whatsoever, Hughes will deliver to the Company all tangible materials embodying the Confidential Information, including, without limitation, any documentation, records, listings, notes, data, sketches, drawings, memoranda, models, accounts, reference materials, samples, machine-readable media and equipment which in any way relate to the Confidential Information.

10 Ideas and Inventions. Hughes agrees that all right, title and interest in or to any and all Inventions are the property of the Company. For the purposes of this Agreement, "Inventions" shall mean all ideas, concepts, know-how, techniques, processes, methods, inventions, discoveries, developments, innovations and improvements (i) conceived or made by Hughes, whether alone or with others, in the course of Hughes' employment by the Company, or (ii) conceived or made by Hughes, whether alone or with others, in the course of Hughes' employment, but which reach fruition within the period from the date of termination of Hughes' employment through the second (2nd) anniversary of such date, and which either (a) involve or are reasonably related to the business of the Company or to the Company's actual or demonstrably anticipated research or development; or (b) incorporate or are derived from, in whole or in part, any of the Confidential Information. Hughes agrees to promptly disclose all Inventions to the Company, and to provide all assistance reasonably requested by the Company in the

preservation of its interests in the Inventions, such as by executing documents, testifying, etc. Hughes agrees to execute, acknowledge and deliver any instruments confirming the complete ownership by the Company of such Inventions. Such assistance shall be provided at the Company's expense without any additional compensation to Hughes.

11 Copyrights. Hughes agrees that any work prepared for the Company which is protected under United States Copyright laws or under the universal Copyright Convention, the Berne Copyright convention and/or the Buenos Aires Copyright Convention shall be a work made for hire and ownership of all copyrights (including all renewals and extensions) therein shall vest in the Company. In the event any such work is deemed not to be a work made for hire for any reason, Hughes hereby grants, transfers and assigns all right, title and interest in such work and all copyrights in such work and all renewals and extensions thereof to the Company, and agrees to provide all assistance reasonably requested by the Company in the establishment, preservation and enforcement of its copyright in such work, such assistance to be provided at the Company's expense but without any additional compensation to Hughes. Hughes hereby agrees to and does hereby waive all moral rights with respect to the work developed or produced hereunder, including, without limitation any and all rights of identification of authorship and any and all rights of approval, restriction, or limitation on use or subsequent modifications.

12 Conflicting Obligations and Rights. Before (i) performing any obligations Hughes may have to preserve the confidentiality of another's proprietary information or materials, or (ii) exercising any rights Hughes may claim to any patent or copyrights trade secrets, or

other discoveries, inventions, ideas, know-how, techniques methods, processes or other proprietary information or materials before performing that work, Hughes shall inform the Company in writing of any apparent conflict between Hughes' work for the Company and such other obligations and/or rights. In the absence of such written notice, the Company may conclude that no such conflict exists and Hughes agrees thereafter to make no such claim against the Company. The Company shall hold such disclosures by Hughes in strict confidence.

13 Restrictive Covenants.

a. Acknowledgement. Hughes acknowledges that (i) the Company's business is all aspects of business-to-business electronic commerce, but not limited to, building, owning and operating electronic commerce networks; and providing systems integration and consulting services relating thereto, and (ii) fulfillment of the obligations hereunder will result in Hughes becoming familiar with the business affairs of the Company and any present or future parent, subsidiary and/or affiliate.

b. Covenant Not to Compete. In consideration for the Compensation, and as a condition to the performance by the Company of all obligations under this Agreement, Hughes agrees that during the Initial Employment Term or any Succeeding Employment Terms of this Agreement and for the

period from the date of termination of Hughes' employment pursuant to either Section 6.1 or 6.4 hereof through the first (1st) anniversary of such date (the "Non-compete Term"), Hughes shall not directly or indirectly through any other person, firm or corporation compete with or be engaged in the same business or "participate in" any other business or organization which during such period competes with or is engaged in the same business as the Company. The term "participate in" shall mean: "directly or indirectly, for his own benefit or for, with, or through any other person, firm, or corporation, own, manage, operate, control, loan money to, or participate in the ownership, management, operation, or control of, or be connected as a director, officer, employee, partner, consultant, agent, independent contractor, or otherwise with, or acquiesce in the use of his name." Notwithstanding the foregoing, it shall not be a breach of the provisions of this Section 13 if, after the term of this Agreement, Hughes is a passive investor in any publicly held entity and Hughes owns three (3%) percent or less of the equity interests therein.

c. Restrictive Covenants Necessary and Reasonable. Hughes agrees that the provisions of this Section 13 are necessary and reasonable to protect the Company in the conduct of its business. If any restriction contained in this Section 13 shall be deemed to be invalid, illegal, or unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby.

14 Injunctive Relief. Hughes, recognizing that irreparable injury shall result to the Company in the event of Hughes' breach of the terms and conditions of this Agreement, agrees that in the event of his breach or threatened breach, the Company shall be entitled to seek injunctive relief restraining Hughes, and any and all persons or entities acting for or with him, from such breach or threatened breach. Nothing herein contained, however, shall be construed as prohibiting the Company from pursuing any other remedies available to it by reason of such breach or threatened breach.

15 Indemnification.

a. To the full extent allowed by law, the Company shall hold harmless and indemnify Hughes, his executors, administrators or assigns, against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) actually incurred by Hughes (net of any related insurance proceeds or other amounts received by Hughes or paid by or on behalf of the Company on Hughes' behalf in compensation of such judgments, penalties, fines, settlements or expenses) in connection with any threatened, actual or completed action, suit or proceeding, whether civil, criminal, arbitral,

administrative or investigative, or any appeal in such action, suit or proceeding, to which Hughes was, is or is threatened to be made a named defendant or respondent (a "Proceeding"), because Hughes is or was a director or officer of the Company, or was serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary (an "Affiliate Executive") of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise (each, a "Company Affiliate"). Upon authorization of indemnification of Hughes by the Board in accordance with the applicable provisions of the corporation law of the Company's domicile, Hughes shall be presumed to be entitled to such indemnification under this Agreement upon submission of a Claim (as hereinafter defined). Thereafter, the Company shall have the burden of proof to overcome the presumption that Hughes is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals have expired ("Final Determination"), adverse to Hughes establishing that such indemnification is not permitted hereunder or by law. An actual determination by the Company (including its Board, legal counsel, or its stockholders) that Hughes has not met the applicable standard of conduct for indemnification shall not be a defense to the action or create a presumption that Hughes has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or affect the rights and obligations of the Company or of Hughes under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Hughes shall not in any way diminish, restrict, limit or affect Hughes' right to indemnification from the Company or any other Party or Parties under any other indemnification arrangement, the Certificate of Incorporation or Bylaws of the Company, or the DGCL.

b. Subject only to the provisions of this Section 15.2, as long as Hughes shall continue to serve as a director and/or officer of the Company (or shall continue at the request of the Company to serve as an Affiliate Executive) and, thereafter, as long as Hughes shall be subject to any possible Proceeding by reason of the fact that Hughes was or is a director and/or officer of the Company (or served in any of said other capacities), the Company shall, unless no such policies are available in any market, purchase and maintain in effect for the benefit of Hughes one or more valid, binding and enforceable policies (the "Insurance Policies") of directors' and officers' liability insurance ("D&O Insurance") providing adequate liability coverage for Hughes' acts as a director and/or officer of the Company or as an Affiliate Executive. The Company may promptly notify Hughes of any lapse, amendment or failure to renew said policy or policies or any provision thereof relating to the

extent or nature of coverage provided thereunder. In the event the Company does not purchase and maintain in effect said policy or policies of D&O Insurance

pursuant to the provisions of this Section 15.2, the Company shall, to the full extent permitted by law, in addition to and not in limitation of the other rights granted Hughes under this Agreement, hold harmless and indemnify Hughes to the full extent of coverage which would otherwise have been provided for the benefit of Hughes pursuant to the Insurance Policies.

c. Hughes shall have the right to receive from the Company on demand, or at his Option to have the Company pay promptly on his behalf, in advance of a Final Determination of a Proceeding all expenses payable by the Company pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by Hughes in connection with such Proceeding or otherwise expended or incurred by Hughes (such amounts so expended or incurred being referred to as "Advanced Amounts"). In making any claim for payment by the Company of any expenses, including any Advanced Amount, pursuant to this Agreement, Hughes shall submit to the Company a written request for payment (a "Claim"), which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit. Where Hughes is requesting Advanced Amounts, Hughes must also provide (i) written affirmation of such Hughes' good faith belief that he has met the standard of conduct required by law for indemnification, and (ii) a written undertaking to repay such Advanced Amounts if a Final Determination is made that Hughes is not entitled to indemnification hereunder.

d. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Hughes for an accounting of profits made from the purchase or sale by Hughes of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of any state statutory law or common law.

e. All agreements and obligations of the Company contained herein shall continue during the period Hughes is a director and/or officer of the Company (or is serving at the request of the Company as an Affiliate Executive) and shall continue thereafter so long as Hughes shall be subject to any possible Proceeding by reason of the fact that Hughes was a director or officer of the Company or was serving as such an Affiliate Executive.

f. Promptly after receipt by Hughes of notice of the commencement of any Proceeding, Hughes shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof, but failure to so notify the Company will not relieve the Company from any liability which it may have to Hughes. With respect to any such Proceeding: (i) the Company shall be entitled

to participate therein at its own expense; (ii) except with prior written consent of Hughes, the Company shall not be

entitled to assume the defense of any Proceeding; and (iii) the Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on Hughes without Hughes' prior written consent.

16 Dispute Resolution. The Company and Hughes agree that any dispute or controversy arising between any of the Parties to this Agreement, or any person or entity in privity therewith, out of the transactions effected and relationships created in connection herewith, including any dispute or controversy involving the formation, terms or construction of this Agreement, regardless of kind or character, will be resolved through binding arbitration held in New York, NY. The only disputes not subject to mandatory, binding arbitration are requests for injunctive relief. With respect to the arbitration of any dispute or controversy, each Party understands that: (i) arbitration is final and binding on the Parties; (ii) each Party is waiving its right to seek certain remedies in court, including to right to a jury trial; (iii) discovery in arbitration is different and more limited than discovery in litigation; and (iv) an arbitrators' award need not include factual findings or legal reasoning, and any Party's right to appeal or to seek modification of a ruling by the arbitrator is strictly limited.

a. Each Party to this Agreement will submit any dispute or controversy to arbitration before the American Arbitration Association ("AAA") within five (5) days after receiving a written request to do so from the other Party. If any Party fails to submit a dispute or controversy to arbitration as requested, then the requesting Party may commence the arbitration proceeding. The Federal Arbitration Act will govern the proceeding and all issues raised by this Agreement to be arbitrated. Each Party to this Agreement will be bound by the determination of an arbitration panel of three members empanelled by the AAA to adjudicate the dispute. Judgment on any arbitration award may be entered in any court of competent jurisdiction.

b. Any Party to this Agreement may bring an action including a summary or expedited proceeding of any such dispute or controversy in a court of competent jurisdiction and, further, may seek provision or ancillary remedies, including temporary or injunctive relief in connection with such dispute or controversy in a court of competent jurisdiction, provided that the dispute or controversy is ultimately resolved through binding arbitration conducted in accordance with the terms and conditions of Section 16. If any Party institutes legal proceedings in an effort to resist arbitration and is unsuccessful in doing so, the prevailing Party is entitled to recover, from the losing Party, its legal fees and out-of-pocket expenses incurred in connection with the defense of such legal proceedings.

17 Miscellaneous.

a. Notices. Any and all notices, demands, requests or other communication required or permitted by this Agreement or by law to be served on, given to, or delivered to any Party hereto by any other Party to this Agreement shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the Party to be notified, or in lieu of such personal delivery, when deposited in the United States mail, registered or certified mail, return receipt requested, or when confirmed as received if delivered by overnight courier, addressed to the to the Party to be notified, at the address of the Company at its principal office, as first set forth above, or to Hughes at the address as first set forth above. The Company or Hughes may change the address in the manner required by law for purposes of this paragraph by giving notice of the

change, in the manner required by this paragraph, to the respective Parties.

b. Amendment. This Agreement may not be modified, changed, amended, or altered except in writing signed by Hughes or his duly authorized representative, and by a member of the Board.

c. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of New York. It shall inure to the benefit of and be binding upon the Company, and its successors and assigns.

d. Attorney's Fees. Should either Party substantially prevail any litigation or arbitration commenced between the Parties to this Agreement concerning any provision of this Agreement, the expense of all attorneys' fees and other costs incurred by prevailing Party in connection therewith shall be paid by the non-prevailing Party.

e. Severability. Should any provision or portion of this Agreement be held unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

f. Entire Agreement. This Agreement constitutes the sole and only agreement of the Parties hereto respecting the subject matter hereof. Any prior agreements, promises, negotiations, or representations concerning its subject matter not expressly set forth in this Agreement, are of no force and effect.

g. Counterparts. This Agreement and any certificates made pursuant hereto, may be executed in any number of counterparts and when so executed all of such counterparts shall constitute a single instrument binding upon all Parties hereto notwithstanding the fact that all Parties are not signatory to the original or to the same counterpart.

h. Section Headings. The Article and Section headings used in this Agreement are for reference purposes only, and should not be used in construing this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth below.

EB2B COMMERCE, INC.

By:______________________	By:______________________
Peter J. Fiorillo	John J. Hughes, Jr.
Chief Executive Officer	Date:_____________________

Date:_____________________

EXH 10

EXH 10.6

Employment Agreement (the "Agreement"), effective as of October 31, 2000 (the "Effective Date"), between EB2B COMMERCE, INC., a Delaware corporation with principal offices at 29 West 38th Street, New York, New York 10018, (the "Company") and STEVEN RABIN, residing at RR1, Box 299 Edgartown, MA 02539 ("Rabin"). The Company and Rabin may be referred to herein collectively as the "Parties" or individually as a "Party."

WHEREAS, the Company is engaged in the building, owning and operating of business-to-business electronic commerce networks; and

WHEREAS, the Company desires Rabin to serve as Chief Technology Officer of the Company and Rabin desires to accept the position of Chief Technology Officer and serve the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein set forth, the Parties do hereby agree as follows:

1 Employment. The Company hereby employs Rabin and Rabin accepts this employment and agrees to render services to the Company on the terms and conditions set forth in this Agreement. During the term of this Agreement, Rabin shall serve as Chief Technology Officer of the Company ("CTO"), to perform services for the Company normally associated with such position and such other duties as the Board of Directors ("Board") or Chief Executive Officer reasonably request. Rabin shall use his best efforts to meet the business requirements and goals set by the Board. In furtherance thereof, Rabin will devote his best efforts, including his full-time attention to the affairs and business of the Company. In addition, Rabin will use his best business judgment in determining the allocation of business time spent working between the Company's offices located in New York, NY and his home in Martha's Vineyard, MA. Rabin agrees not to serve on any corporate, industry, civic, or charitable boards or committees that would interfere or create a conflict of interest with respect to his duties hereunder without the prior consent of the Board. Rabin further agrees to observe and comply with the rules and regulations of the Company as adopted by the Board with respect to performance of his duties, and to carry out and perform all reasonable orders, directions, and policies enacted by the Board.

2 Term. The term of this Agreement shall be the period from the Effective Date and terminating on December 31 2002 (the "Initial Employment Term"). The Agreement shall thereafter automatically renew for successive one (1) year terms, until terminated by either Party in accordance with this Agreement (the "Succeeding Employment Term"), unless either Party provides written notice of termination to the other party at least ninety (90) days prior to the expiration of the Initial Employment Term or any Succeeding Employment Term.

3 Compensation.

a. Base Salary. The Company will compensate and pay Rabin for his services during the term of this Agreement at a base salary of $175,000 per year (the "Base Salary"). The Base Salary shall be payable to Rabin in accordance with the Company's standard payroll policy for similarly situated employees of the Company.

b. Bonus.

i. Signing Bonus. Upon the execution of this Agreement, Rabin will be entitled to the sum of fifty thousand ($50,000) dollars as a signing bonus

from the Company ("Signing Bonus"). The Company will pay the Signing Bonus to Rabin with the first regular payroll period following the Effective Date.

ii. Annual Bonus. Rabin may receive, from time to time, bonus compensation from the Company, as directed by the Board of Directors following the negotiation of the terms by the Parties (the "Bonus Compensation"). If at any time hereafter the Company shall adopt a bonus program, an option program or any other form of equity participation for executives of the Company, Rabin shall be eligible to participate in such program in a manner and capacity commensurate with his position and duties. Notwithstanding the foregoing, for each year of this Agreement, the Company will pay Rabin a bonus of up to one hundred twenty-five thousand ($125,000) dollars ("Maximum Bonus") based on the pro rata achievement of goals set by the Board within 30 days of the Effective Date and reviewed and revised annually, however the Company will pay Rabin a bonus of no less than ninety thousand ($90,000) dollars ("Minimum Bonus") per year. The Minimum Bonus will be paid to Rabin ratably at the end of each calendar quarter.

c. Stock Options. Without limiting the foregoing, during the term of this Agreement, Rabin shall be entitled to participate, as determined by the Board of Directors, in the Company's incentive stock option plan to the same extent as other employees of the Company. In addition, Rabin shall be entitled to receive options to purchase 550,000 shares of Common Stock of the Company ("Options") pursuant to the terms of the Company's 2000 Stock Option Plan (the "Option Plan"), subject to the following terms: (a) the Options will vest as follows: (i) two hundred fifty thousand (250,000) Options will vest immediately upon the Effective Date, and (ii) the remaining three hundred thousand (300,000) Options will vest ratably at the end of each month that Rabin is employed by the Company over an eighteen month period, commencing upon the Effective Date; (b) the exercise price of the Options shall be $2.10 per share, as appropriately adjusted for stock splits, stock dividends, and the like; and (c) the other terms and conditions of the Options will be in accordance with the provisions of the Option Plan and the Stock Option Agreement evidencing the issuance of the Options. In addition, the Company represents to Rabin that the Options will fully vest upon a "change of control" event involving the Company as described in the Stock Option Agreement.

d. Restricted Stock Grant. As additional consideration for entering into this Agreement, the Company hereby grants to Rabin 50,000 shares of the Company's Common Stock, with such shares designated as "Restricted Shares" pursuant to the terms of the Company's Option Plan (the "Granted Shares). The Granted Shares are subject to Rabin remaining an employee of the Company pursuant to the terms of this Agreement

for a period of one year from the Effective Date. Following such one-year period the Granted Shares shall no longer be "Restricted Shares," and Rabin shall own the Granted Shares without encumbrance (other than the obligation to comply with applicable securities laws in connection with any sale or other divestiture of such Granted Shares). The issuance of the Granted Shares will be evidenced in a separate Restricted Stock Grant Agreement in accordance with the provisions of the Option Plan. In addition, the Company represents to Rabin that the restriction placed on the Granted Shares will be removed and the Granted Shares will fully vest upon a "change of control" event involving the Company as described in the Restricted Stock Grant Agreement or in the event Rabin's employment is terminated by the Company "for convenience" in accordance with Section 6.3 below.

4 Benefits.

a. Health Insurance; Vacation. The Company shall provide Rabin with health insurance coverage, personal time and other benefits during the term of this Agreement as agreed upon by the Board, but in no event will such benefits be less than those offered to other executives of the Company. Rabin shall be entitled to three (3) weeks paid vacation during each year of this Agreement.

b. Travel Expenses. The Company shall reimburse Rabin or otherwise provide for or pay for all reasonable expenses incurred by Rabin in connection

with traveling from his residence in Massachusetts to the Company's offices currently located in New York, NY or to such other location as the Board of Directors may direct from time to time ("Corporate Headquarters"). Rabin will use reasonable efforts to obtain advanced/reduced fares when possible.

c. Lodging Expenses. The Company shall reimburse Rabin or otherwise provide for or pay for all reasonable expenses incurred by Rabin in connection with lodging near the Corporate Headquarters for business purposes, including the rental of an apartment for $3,050 per month, subject to an average annual increase of approximately 8.5%.

d. Life Insurance. The Company shall have the right at its own expense and for its own benefit to purchase insurance on Rabin's life, and Rabin shall cooperate by providing necessary information, submitting to required medical examinations, and otherwise complying with the insurance carrier's requirements.

e. Miscellaneous. Rabin shall be entitled to participate in all other retirement, welfare and other benefit plans, and to receive all fringe benefits, that are provided by the Company to its most senior executives from time to time, to the extent Rabin meets the eligibility requirements for any such plan or benefit.

5 Expenses. The Company shall reimburse Rabin or otherwise provide for or pay for all reasonable expenses incurred by Rabin in furtherance of or in connection with the business of the Company, including, but not by way of limitation, (i) all reasonable expenses incurred by Rabin in accordance with the Company's travel policy, as established by the Board; and (ii) all reasonable expenses in connection with Rabin's attendance at trade, professional and industry related conferences which are in furtherance of the business of the Company. Rabin agrees that he will furnish the

Company with adequate records and other documents for the substantiation of each such business expense.

6 Employment Termination.

a. Resignation of Rabin. The Parties agree that Rabin has the right to voluntarily terminate his employment with the Company by providing the Company with a minimum of sixty (60) days' prior written notice. Upon the receipt of such notice by the Company, Rabin will cease to have any of the powers associated with the offices he held with the Company. In such event, all of the Company's obligations under this Agreement will terminate immediately upon the termination date specified in the notice.

b. Resignation of Rabin for Good Reason. The Parties agree that Rabin has the right to voluntarily terminate his employment with the Company for "Good Reason" upon providing sixty (60) days prior written notice to the Board. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events or conditions:

i. a change in Rabin's status, title, position or responsibilities which represents an adverse change from his status, title, position or responsibilities as in effect immediately prior thereto; the assignment to Rabin of any duties or responsibilities which are inconsistent with his status, title or position; or any removal of Rabin from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for "Disability" (as defined below), for "Cause" (as defined below), as a result of his death, or by Rabin other than for Good Reason;

ii. a reduction in the Base Salary;

iii. the relocation of the offices of the Company at which Rabin is principally employed to a location more than fifty (50) miles from the location of such offices immediately prior to the relocation, except for required travel on the on the business of the Company to an extent substantially consistent with Rabin's customary business travel obligation and duties; or

iv. the failure by the Company or its affiliates to pay to Rabin any portion of Rabin's current compensation within twenty (20) days of the date such compensation is due.

c. Termination by the Company for Convenience. The Parties agree that the Board has the right to terminate Rabin's employment for convenience during the term of this Agreement upon notice to Rabin. The date of termination will be the date specified in a notice from the Board and will be at least thirty (30) days following such notice. Rabin will cease to have any power of his office as of the date of receipt of such notice by Rabin.

d. Termination by the Company for Cause. The Parties agree that the Board has the right to terminate Rabin's employment during the term of this Agreement for "Cause." For the purposes of this Agreement, the term "Cause" will mean:

i. Conduct on Rabin's part that is willfully intended to and likely to injure to the Company's business or reputation;

ii. Actions by Rabin intentionally furnishing materially false, misleading or omissive information to the Board;

iii. Rabin is convicted of any felony or other serious offense;

iv. Abusive use of drugs or alcohol by Rabin;

v. Any fraud, embezzlement or misappropriation by Rabin of the "assets" of the Company. For the purposes of this provision, the Parties acknowledge that "asset" includes, but is not limited to the "Confidential Information" (as defined in Section 8 of this Agreement); or

vi. The willful and significant failure by Rabin to perform reasonably assigned duties and obligations as set forth in this Agreement, resulting in damage to the Company, but not encompassing illness, physical or mental incapacity.

In the event that Rabin's employment is terminated by the Company for Cause, the date of employment termination will be as specified in the notice of termination to Rabin from the Company, and Rabin will cease to have any authority to act on behalf of the Company as of such date. The Company will pay Rabin the Base Salary due him as of such date, and all benefits provided by the Company to Rabin will cease as of such date except as otherwise required by law.

e. Termination by the Company for Death or Disability. The Parties agree that Rabin's employment will terminate upon Rabin's death or Disability. The term "Disability" shall be defined as Rabin's inability, through physical or mental illness to perform the majority of his usual duties for a period of at least three (3) continuous months.

f. Notice of Termination. Any termination by the Company for Cause, or by Rabin for Good Reason shall be communicated by a Notice of Termination to the other Party hereto given in accordance with Section 17 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Rabin's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the termination date of this Agreement which date shall be in accordance with the specific termination provision of this Agreement relied upon.

g. Obligations of the Company Upon Certain Terminations.

i. Options. In the event that Rabin's employment with the Company is terminated pursuant to Sections 6.2, 6.3 or 6.5 of this Agreement, all Options granted to Rabin by the Company shall immediately vest upon such termination and remain exercisable until the scheduled expiration date of each such Option. The Options shall be subject to the provisions of the Option Plan and the specific

Stock Option Agreement in effect with regard to each Option grant, provided that, to the extent the provisions of the Stock Option Agreements are inconsistent with this Section 6.7.1, this Section shall control.

h. Termination Payments. If Rabin's employment with the Company is terminated pursuant to Sections 6.2, 6.3 or 6.5 of this Agreement, the Company will pay, in twelve equal monthly installments, to Rabin an amount equal to the sum of his Base Salary at the rate then in effect.

i. Survival of Agreement Upon Termination. In the event that Rabin's employment is terminated pursuant to any provision set forth in this Section 6, the rights and obligations of the Parties which are set forth in Sections 7 through 16 of this Agreement shall survive the employment termination for a period from the date of such employment termination through the third (3rd) anniversary of such date.

7 Confidential Information. Rabin hereby agrees and acknowledges that the following information and materials, whether in written, oral, magnetic, photographic, optical or other form and whether now existing or developed or created during the period of Rabin's employment or engagement with the Company, excepting information obtained by Rabin from general or public sources, are proprietary to the Company and are highly confidential in nature (the "Confidential Information"):

a. Business Records, Marketing Plans and Customer Information. All books, records, documents, memoranda and materials, and the information contained therein directly relating to the business and finances of the Company including, but not limited to: (i) marketing and development plans, forecasts, forecast assumptions, forecast volumes, future plans and potential strategies of the Company; (ii) cost objectives, pricing policies and procedures, quoting policies and procedures, and unpublished price lists; (iii) licensing policies, strategies and techniques; (iv) customer lists, names of past, present and prospective customers and their representatives; (v) data and other business information about or provided by past, present and prospective customers; (vi) names of past, present and prospective vendors and their representatives, data and other Information about or provided by past, present and prospective vendors; (vii) purchasing information, orders, invoices, billings, and payment of billings; (viii) past, present and prospective licenses and licensees, the terms and conditions of any licenses or prospective licenses, contracts or prospective contracts; (ix) types of products, supplies, materials and services purchased, leased, licensed and/or sold by the Company; (x) past, present and future research and development arrangements; (xi) customer service information; (xii) joint ventures, mergers and/or acquisitions; (xiii) the Company personnel policies and procedures, the Company personnel files, and the compensation of officers, directors and employees of the Company; and (xiv) all other confidential business records and trade secrets of the Company.

b. Technology and Manufacturing Procedures. All books, records, documents, memoranda and materials, and the information contained therein, relating to the technology of the Company (whether or not patentable, whether or not protected by copyright, whether developed by or for the Company) including, but not limited to: (i) ideas and concepts for existing and new products, processes and services; (ii) specifications for products, equipment and processes, whether technical or financial; (iii) manufacturing and performance specifications and procedures; (iv) engineering drawings, flow charts, and graphs; (v) technical, research and engineering data; (vi) formulations, materials, and material specifications; (vii) laboratory studies and benchmark tests; (viii) laboratory notebooks; (ix) plant layout and equipment; (x)

manuals, including service manuals and operation manuals; (xi) quality assurance

policies, procedures and specifications; (xii) validation studies; and (xiii) all other know-how, methodology, procedures, techniques and trade secrets related to the research, engineering and development affairs of the Company.

c. Third Party Information. Any and all other information and materials in the Company's possession or under its control from any other person or entity which the Company is obligated to treat as confidential or proprietary ("Third Party Information").

d. Not Generally Known. Any and all Confidential Information not generally known to the public or within the industries or trades in which the Company competes.

8 General Skills and Knowledge. The general skills and experience gained by Rabin during Rabin's employment with the Company, and information publicly available or generally known within the industries or trades in which the Company competes, is not considered Confidential Information.

9 Rabin's Obligations as to Confidential Information and Materials. During Rabin's employment by the Company, Rabin will have access to Confidential Information and will occupy a position of trust and confidence with respect to the Company's affairs and business. Rabin agrees to take the following steps to preserve the confidential and proprietary nature of the Confidential Information:

a. Non-Disclosure. During and for a period of three (3) years after Rabin's employment with the Company, Rabin will not use, disclose or otherwise permit any person or entity access to any of the Confidential Information other than as required in the performance of Rabin's duties with the Company by order of a court of competent jurisdiction, a governmental agency or otherwise by applicable law.

b. Prevent Disclosure. Rabin will take all reasonable precautions to prevent disclosure of the Confidential Information in accordance with the Company's reasonable instructions to Rabin.

c. Return all Materials. Upon termination of Rabin's employment with the Company, for any reason whatsoever, Rabin will deliver to the Company all tangible materials embodying the Confidential Information, including, without limitation, any documentation, records, listings, notes, data, sketches, drawings, memoranda, models, accounts, reference materials, samples, machine-readable media and equipment which in any way relate to the Confidential Information.

10 Ideas and Inventions. Rabin agrees that all right, title and interest in or to any and all Inventions are the property of the Company. For the purposes of this Agreement, "Inventions" shall mean all ideas, concepts, know-how, techniques, processes, methods, inventions, discoveries, developments, innovations and improvements (i) conceived or made by Rabin, whether alone or with others, in the course of Rabin's employment by the Company, or (ii) conceived or made by Rabin, whether alone or with others, in the course of Rabin's employment, but which reach fruition within the period from the date of termination of Rabin's employment through the second (2nd) anniversary of such date, and which either (a) involve or are reasonably related to the business of the Company or to the Company's actual or demonstrably anticipated research or development; or (b) incorporate or are derived from, in whole or in part, any of the Confidential Information.

Rabin agrees to promptly disclose all Inventions to the Company, and to provide all assistance reasonably requested by the Company in the preservation of its interests in the Inventions, such as by executing documents, testifying, etc. Rabin agrees to execute, acknowledge and deliver any instruments confirming the complete ownership by the Company of such Inventions. Such assistance shall be provided at the Company's expense without any additional compensation to Rabin.

11 Copyrights. Rabin agrees that any work prepared for the Company which is protected under United States Copyright laws or under the universal Copyright

Convention, the Berne Copyright convention and/or the Buenos Aires Copyright Convention shall be a work made for hire and ownership of all copyrights (including all renewals and extensions) therein shall vest in the Company. In the event any such work is deemed not to be a work made for hire for any reason, Rabin hereby grants, transfers and assigns all right, title and interest in such work and all copyrights in such work and all renewals and extensions thereof to the Company, and agrees to provide all assistance reasonably requested by the Company in the establishment, preservation and enforcement of its copyright in such work, such assistance to be provided at the Company's expense but without any additional compensation to Rabin. Rabin hereby agrees to and does hereby waive all moral rights with respect to the work developed or produced hereunder, including, without limitation any and all rights of identification of authorship and any and all rights of approval, restriction, or limitation on use or subsequent modifications.

12 Conflicting Obligations and Rights. Before (i) performing any obligations Rabin may have to preserve the confidentiality of another's proprietary information or materials, or (ii) exercising any rights Rabin may claim to any patent or copyrights trade secrets, or other discoveries, inventions, ideas, know-how, techniques methods, processes or other proprietary information or materials before performing that work, Rabin shall inform the Company in writing of any apparent conflict between Rabin's work for the Company and such other obligations and/or rights. In the absence of such written notice, the Company may conclude that no such conflict exists and Rabin agrees thereafter to make no such claim against the Company. The Company shall hold such disclosures by Rabin in strict confidence.

13 Restrictive Covenants.

a. Acknowledgement. Rabin acknowledges that (i) the Company's business is all aspects of business-to-business electronic commerce, but not limited to, building, owning and operating electronic commerce networks; and providing systems integration and consulting services relating thereto, and (ii) fulfillment of the obligations hereunder will result in Rabin becoming familiar with the business affairs of the Company and any present or future parent, subsidiary and/or affiliate.

b. Covenant Not to Compete. In consideration for the Compensation, and as a condition to the performance by the Company of all obligations under this Agreement, Rabin agrees that during the Initial Employment Term or any Succeeding Employment Terms of this Agreement and for the period from the date of termination of Rabin's employment pursuant hereto through the second (2nd) anniversary of such date (the "Non-compete Term"), Rabin shall not directly or indirectly through any other person, firm or corporation compete with or be engaged in the same business or "participate in" any other business or organization which during such period competes with or is engaged in the same business as the Company. The term "participate in" shall mean: "directly or indirectly, for his own benefit or for, with, or through any other person, firm, or corporation, own, manage, operate, control, loan money to, or participate in the ownership, management, operation, or control of, or be connected as a director, officer, employee, partner, consultant, agent, independent contractor, or otherwise with, or acquiesce in the use of his name." Notwithstanding the foregoing, it shall not be a breach of the provisions of this Section 13 if, after the term of this Agreement, Rabin is a passive investor in any publicly held entity and Rabin owns three (3%) percent or less of the equity interests therein.

c. No Solicitation of Employees. In addition, during the Non-compete Term Rabin agrees not to recruit, contract or hire any employee, agent, consultant or otherwise of the Company, or otherwise induce such employee, agent, consultant or otherwise to leave or terminate his or her employment or engagement with the Company, to become an employee of or otherwise be associated with him or any company or business with which he, directly or indirectly, is or may become associated with, or competes with the business of the Company.

d. Restrictive Covenants Necessary and Reasonable. Rabin agrees that the provisions of this Section 13 are necessary and reasonable to protect the Company in the conduct of its business. If any restriction contained in this Section 13 shall be deemed to be invalid, illegal, or unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby.

14 Injunctive Relief. Rabin, recognizing that irreparable injury shall result to the Company in the event of Rabin's breach of the terms and conditions of this Agreement, agrees that in the event of his breach or threatened breach, the Company shall be entitled to seek injunctive relief restraining Rabin, and any and all persons or entities acting for or with him, from such breach or threatened breach. Nothing herein contained, however, shall be construed as prohibiting the Company from pursuing any other remedies available to it by reason of such breach or threatened breach.

15 Indemnification.

a. To the full extent allowed by law, the Company shall hold harmless and indemnify Rabin, his executors, administrators or assigns, against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) actually incurred by Rabin (net of any related insurance proceeds or other amounts received by Rabin or paid by or on behalf of the Company on Rabin's behalf in compensation of such judgments, penalties, fines, settlements or expenses) in connection with any threatened, actual or completed action, suit or proceeding, whether civil, criminal, arbitral, administrative or investigative, or any appeal in such action, suit or proceeding, to which Rabin was, is or is threatened to be made a named defendant or respondent (a "Proceeding"), because Rabin is or was a director or officer of the Company, or was serving at the request of the Company as a director,

officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary (an "Affiliate Executive") of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise (each, a "Company Affiliate"). Upon authorization of indemnification of Rabin by the Board in accordance with the applicable provisions of the corporation law of the Company's domicile, Rabin shall be presumed to be entitled to such indemnification under this Agreement upon submission of a Claim (as hereinafter defined). Thereafter, the Company shall have the burden of proof to overcome the presumption that Rabin is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals have expired ("Final Determination"), adverse to Rabin establishing that such indemnification is not permitted hereunder or by law. An actual determination by the Company (including its Board, legal counsel, or its stockholders) that Rabin has not met the applicable standard of conduct for indemnification shall not be a defense to the action or create a presumption that Rabin has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or affect the rights and obligations of the Company or of Rabin under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Rabin shall not in any way diminish, restrict, limit or affect Rabin's right to indemnification from the Company or any other Party or Parties under any other indemnification arrangement, the Certificate of Incorporation or Bylaws of the Company, or the DGCL.

b. Subject only to the provisions of this Section 15.2, as long as Rabin shall continue to serve as a director and/or officer of the Company (or shall continue at the request of the Company to serve as an Affiliate Executive) and, thereafter, as long as Rabin shall be subject to any possible Proceeding by reason of the fact that Rabin was or is a director and/or officer of the Company (or served in any of said other capacities), the Company shall, unless no such policies are available in any market, purchase and maintain in effect for the benefit of Rabin one or more valid, binding and enforceable policies (the

"Insurance Policies") of directors' and officers' liability insurance ("D&O Insurance") providing adequate liability coverage for Rabin's acts as a director and/or officer of the Company or as an Affiliate Executive. The Company may promptly notify Rabin of any lapse, amendment or failure to renew said policy or policies or any provision thereof relating to the extent or nature of coverage provided thereunder. In the event the Company does not purchase and maintain in effect said policy or policies of D&O Insurance pursuant to the provisions of this Section 15.2, the Company shall, to the full extent permitted by law, in addition to and not in limitation of the other rights granted Rabin under this Agreement, hold harmless and indemnify Rabin to the full extent of coverage which would otherwise have been provided for the benefit of Rabin pursuant to the Insurance Policies.

c. Rabin shall have the right to receive from the Company on demand, or at his Option to have the Company pay promptly on his behalf, in advance of a Final Determination of a Proceeding all expenses payable by the Company pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by Rabin in connection with such Proceeding or otherwise expended or incurred by Rabin (such amounts so expended or incurred being referred to as "Advanced Amounts"). In making any claim for payment by the Company of any expenses, including any Advanced

Amount, pursuant to this Agreement, Rabin shall submit to the Company a written request for payment (a "Claim"), which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit. Where Rabin is requesting Advanced Amounts, Rabin must also provide (i) written affirmation of such Rabin's good faith belief that he has met the standard of conduct required by law for indemnification, and (ii) a written undertaking to repay such Advanced Amounts if a Final Determination is made that Rabin is not entitled to indemnification hereunder.

d. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Rabin for an accounting of profits made from the purchase or sale by Rabin of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of any state statutory law or common law.

e. All agreements and obligations of the Company contained herein shall continue during the period Rabin is a director and/or officer of the Company (or is serving at the request of the Company as an Affiliate Executive) and shall continue thereafter so long as Rabin shall be subject to any possible Proceeding by reason of the fact that Rabin was a director or officer of the Company or was serving as such an Affiliate Executive.

f. Promptly after receipt by Rabin of notice of the commencement of any Proceeding, Rabin shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof, but failure to so notify the Company will not relieve the Company from any liability which it may have to Rabin. With respect to any such Proceeding: (i) the Company shall be entitled to participate therein at its own expense; (ii) except with prior written consent of Rabin, the Company shall not be entitled to assume the defense of any Proceeding; and (iii) the Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on Rabin without Rabin's prior written consent.

16 Dispute Resolution. The Company and Rabin agree that any dispute or controversy arising between any of the Parties to this Agreement, or any person or entity in privity therewith, out of the transactions effected and relationships created in connection herewith, including any dispute or controversy involving the formation, terms or construction of this Agreement, regardless of kind or character, will be resolved through binding arbitration held in New York, NY. The only disputes not subject to mandatory, binding arbitration are requests for injunctive relief. With respect to the arbitration

of any dispute or controversy, each Party understands that: (i) arbitration is final and binding on the Parties; (ii) each Party is waiving its right to seek certain remedies in court, including to right to a jury trial; (iii) discovery in arbitration is different and more limited than discovery in litigation; and (iv) an arbitrators' award need not include factual findings or legal reasoning, and any Party's right to appeal or to seek modification of a ruling by the arbitrator is strictly limited.

a. Each Party to this Agreement will submit any dispute or controversy to arbitration before the American Arbitration Association ("AAA") within five (5) days after receiving a written request to do so from the other Party. If any Party fails to submit a dispute or controversy to arbitration as requested, then the requesting Party may commence the arbitration proceeding. The Federal Arbitration Act will govern the proceeding and all issues raised by this Agreement to be arbitrated. Each Party to this Agreement will be bound by the determination of an arbitration panel of three members empanelled by the AAA to adjudicate the dispute. Judgment on any arbitration award may be entered in any court of competent jurisdiction.

b. Any Party to this Agreement may bring an action including a summary or expedited proceeding of any such dispute or controversy in a court of competent jurisdiction and, further, may seek provision or ancillary remedies, including temporary or injunctive relief in connection with such dispute or controversy in a court of competent jurisdiction, provided that the dispute or controversy is ultimately resolved through binding arbitration conducted in accordance with the terms and conditions of Section 16. If any Party institutes legal proceedings in an effort to resist arbitration and is unsuccessful in doing so, the prevailing Party is entitled to recover, from the losing Party, its legal fees and out-of-pocket expenses incurred in connection with the defense of such legal proceedings.

17 Miscellaneous.

a. Notices. Any and all notices, demands, requests or other communication required or permitted by this Agreement or by law to be served on, given to, or delivered to any Party hereto by any other Party to this Agreement shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the Party to be notified, or in lieu of such personal delivery, when deposited in the United States mail, registered or certified mail, return receipt requested, or when confirmed as received if delivered by overnight courier, addressed to the to the Party to be notified, at the address of the Company at its principal office, as first set forth above, or to Rabin at the address as first set forth above. The Company or Rabin may change the address in the manner required by law for purposes of this paragraph by giving notice of the change, in the manner required by this paragraph, to the respective Parties.

b. Amendment. This Agreement may not be modified, changed, amended, or altered except in writing signed by Rabin or his duly authorized representative, and by a member of the Board.

c. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of New York. It shall inure to the benefit of and be binding upon the Company, and its successors and assigns.

d. Attorney's Fees. Should Rabin substantially prevail any litigation or arbitration commenced between the Parties to this Agreement concerning any provision of this Agreement, the expense of all attorneys' fees and the Company shall pay other costs incurred by Rabin in connection therewith.

e. Severability. Should any provision or portion of this Agreement be held unenforceable or invalid for any reason, the remaining provisions and portions

of this Agreement shall be unaffected by such holding.

f. Entire Agreement. This Agreement constitutes the sole and only agreement of the Parties hereto respecting the subject matter hereof. Any prior agreements, promises, negotiations, or representations concerning its subject matter not expressly set forth in this Agreement, are of no force and effect.

g. Counterparts. This Agreement and any certificates made pursuant hereto, may be executed in any number of counterparts and when so executed all of such counterparts shall constitute a single instrument binding upon all Parties hereto notwithstanding the fact that all Parties are not signatory to the original or to the same counterpart.

h. Section Headings. The Article and Section headings used in this Agreement are for reference purposes only, and should not be used in construing this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth below.

eB2B Commerce, Inc

By:______________________
Alan J. Andreini
Chief Executive Officer

Date:_____________________

By:______________________
Steve Rabin
Date:_____________________

EX 23.1

Exhibit 23
Part I

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No.'s 333-70671, 333-96325, and 333-96329 on Form S-8, Registration Statement No. 333-35579 on Form SB-2/A, Registration Statement No. 333-78889 on Form S-2/A, and Registration No. 333-54410 on Form S-3 of eB2B Commerce, Inc. of our report dated April 16, 2001, appearing in this Annual Report on Form 10-KSB of eB2B Commerce, Inc. for the year ended December 31, 2000.

/s/ Deloitte & Touche LLP

New York, New York
April 16, 2001

EX 23.2

Exhibit 23
Part II

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements (Form S-8 No.'s 333-70671, 333-96325, and 333-96329, Form SB-2/A No. 333-35579, Form S-2/A No. 333-78889 and Form S-3 333-54410) of eB2B Commerce, Inc. (formerly DynamicWeb Enterprises, Inc.) of our report dated February 22, 2000, except for notes 3, 10 and 11 as to which the date is March 30, 2001 with respect to the financial statements of eB2B Commerce, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2000.

/s/ Ernst & Young LLP

New York, New York
April 16, 2001