FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-07-27**
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FILER

PURCHASEPRO COM INC
CIK:**1087831**| IRS No.: **880385401**
Type: **S-1/A** | Act: **33** | File No.: **333-80165** | Film No.: **99670498**
SIC: **7389** Business services, nec

Mailing Address
3291 N BUFFALO DR
LAS VEGAS NV 89129

Business Address
3291 N BUFFALO DR
LAS VEGAS NV 89129
7023167000

As filed with the Securities and Exchange Commission on July 27, 1999

Registration No. 333-80165

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
Form S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

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

<TABLE>
<S> <C> <C>

Nevada	7389	88-0385401
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

</TABLE>

3291 N. Buffalo Drive, Las Vegas, Nevada 89129, (702) 316-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Christopher P. Carton
President and Chief Operating Officer
3291 N. Buffalo Drive, Las Vegas, Nevada 89129
(702) 316-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

with a copy to:

<TABLE>
<S> <C>

Michael J. Halloran, Esq. James P. Clough, Esq. Patrick J. Devine, Esq. Jeffrey S. Harrell, Esq. Pillsbury Madison & Sutro LLP 235 Montgomery Street San Francisco, CA 94104 (415) 983-1000	Peter Cohn, Esq. Scott D. Elliott, Esq. Andrew P. Johnson, Esq. Orrick, Herrington & Sutcliffe LLP 1020 Marsh Road Menlo Park, CA 94025 (650) 614-7400

</TABLE>

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

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

effective registration statement for the same offering. [_]

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

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

Calculation of Registration Fee

<TABLE>
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Title of each class of securities to be registered	Proposed maximum offering price(1)	Amount of registration fee(2)
<S>	<C>	<C>
Common stock, $.01 par value.....	$59,800,000	$16,625

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Of this amount, $15,985 was previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

+The information in this prospectus is not complete and may be changed. +PurchasePro.com may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. +This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION -- JULY 27, 1999

PROSPECTUS

4,000,000 Shares

[PURCHASEPRO.COM LOGO APPEARS HERE]

Common Stock

PurchasePro.com, Inc. is offering 4,000,000 shares of its common stock. Prior to this offering there has been no public market for PurchasePro.com's common stock.

PurchasePro.com provides Internet business-to-business electronic commerce

services. Our e-commerce solution is comprised of public and private e-marketplaces where businesses can buy and sell a wide range of products and services over the Internet.

We anticipate that the public offering price will be between $11.00 and $13.00 per share. The shares of PurchasePro.com will be quoted in the Nasdaq National Market under the symbol "PPRO".

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	Per Share	Total
<S>	<C>	<C>
Public offering price.....	$	$
Underwriting discounts and commissions.....	$	$
Proceeds, before expenses, to PurchasePro.com.....	$	$

</TABLE>

See "Risk Factors" on pages 7 to 17 for factors that you should consider beforeinvesting in the shares of common stock of PurchasePro.com.

Neither the Securities and Exchange Commission nor any state securities commission hasapproved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters may purchase up to 600,000 additional shares of common stock from PurchasePro.com at the public offering price, less underwriting discounts and commissions, to cover over-allotments. Delivery and payment for these shares will be on , 1999.

Prudential Securities

Jefferies & Company, Inc.

Volpe Brown Whelan & Company

, 1999

[Description of Inside Front Cover]

Centered in upper middle: PurchasePro.com logo. Below logo, text reading "Connecting Buyers and Suppliers"

Centered middle: Text reading "The Business-to-Business E-Marketplace For Your Company"

Lower middle: Text reading "Just Log On!"

"Watermarked" Background of a computer and keyboard.

[Description of gatefold]

. Top Left: Text reading: "PURCHASEPRO.COM
Connecting Buyers and Suppliers"

"Our E-marketplaces...We provide public and private business-to-business electronic commerce communities that we call "e-marketplaces." Our e-marketplaces are designed to streamline the procurement cycle for our members. Our target customers are primarily the small and medium sized businesses that constitute over 99% of all U.S. businesses and their large business partners."

"Interactive Sourcing"
Next to image of PurchasePro.com computer screen image depicting supplier search. Members can select a wide range of products and services.

"Competitive Bidding"
Next to collage of images. "Simultaneously request competitive bids from multiple suppliers. Designate requirements such as quantities, item numbers, size, color or delivery. Bids and responses can be sealed, automated or submitted to multiple parties. Evaluation tools expedite analysis of bids."

"E-marketplace Catalogs"
Next to image of PurchasePro.com computer screen depicting supplier catalog. "Members browse a supplier's e-marketplace catalog and select items for purchase."

"Favorite Products"
"Frequently purchased products can be grouped for convenient ordering."

"Online Ordering"
"Suppliers are sent individual electronic purchase orders containing pricing, volume, terms, billing, shipping and any additional notes."

"Approval"

Next to image of PurchasePro.com computer screen depicting approval settings. "Controls help prevent maverick buying and maintain supplier contract compliance. Requisitions or purchase orders can be routed to a manager for approval."

"Order Processing"

"Shipping" Next to image of a plane.

"Receiving"
Next to collage of images. "The receiving department can cross-reference the original order and notify the buyer of any damaged or incomplete deliveries."

Right: Image of PurchasePro.com computer screen depicting receiving information.

"Management Tools"
"Comprehensive management and reporting tools include tracking of requests, bids, purchase orders, expenditures and individual performance. Reports can be customized to fit a member's specific information needs."

"Archiving"
"All activity conducted through our e-marketplace is captured. Every buyer and supplier action is time and date stamped, providing a clear audit trail.

Bottom:

"Our Online Communities"
"Public E-Marketplace: Purchase Pro.com e-marketplace members can participate in an open interactive buying and selling community.

"Private E-marketplace: Private e-marketplaces are invitation-only communities whose members participate in special pricing arrangements or product and service offerings.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully before investing in the common stock of PurchasePro.com.

PurchasePro.com

PurchasePro.com is a leading provider of Internet business-to-business

electronic commerce services. Our e-commerce solution is comprised of public and private e-marketplaces where businesses can buy and sell a wide range of products and services in an efficient, competitive and cost-effective manner. Forrester Research estimates that the business-to-business e-commerce market will grow from $43 billion in 1998 to $1.3 trillion by 2003. Our target customers are primarily the small and medium sized businesses that constitute over 99% of the businesses in the United States according to estimates by the U.S. Small Business Administration. We have designed our e-marketplaces to meet the needs of these customers and their large business partners.

We designed our solution for quick deployment and immediate use. With a standard Internet connection, a Web browser and a PurchasePro.com membership, our e-marketplace members can participate in interactive buying and selling communities. Our e-marketplaces have many features and can be integrated with our members' existing resource planning and accounting systems.

Our solution takes advantage of the growth, pervasiveness, low costs and community building nature of the Internet as a basis for e-commerce for the broad business-to-business market. We believe our e-marketplaces grow in value as each new member brings new products or services and buying power to our communities.

Our e-marketplaces are designed to streamline the procurement cycle for our members--from sourcing to bidding to order to payment. Our e-marketplaces enable each member to participate as both a buyer and a seller. When acting as buyers, our members can reduce processing costs, improve pricing, enforce corporate purchasing policies and maintain an audit trail for evaluating purchasing programs. When acting as suppliers, our members can strengthen customer relationships, reach new buyers and lower sales, marketing and administrative costs.

We pursue relationships with large organizations to gain access to, and assistance in recruiting, their numerous small and medium sized business partners. Our public e-marketplace members include:

<TABLE>
<S> <C>
- Caesars Palace,
- Carnival Cruise Lines,
- MeriStar Management Company,
- MGM Grand,
- Mission Industries,
- Nevada Power Company,
- Park Place Entertainment, and
- Phoenix Suns.
</TABLE>

In addition, we provide services to develop and maintain private e-marketplaces for:

<TABLE>
<S> <C>
- Best Western International,
- Building One Services,
- Marriott International, and
- Prime Hospitality.
</TABLE>

A key element of our strategy is to develop sales and marketing relationships. These relationships include:

<TABLE>
<S> <C>
- Office Depot,
- VerticalNet, and
- ZoomTown.com, a Cincinnati Bell subsidiary.
</TABLE>

Our predecessor was formed in October 1996, and we began offering commercial access to our network in April 1997. Our headquarters are located at 3291 N. Buffalo Drive, Las Vegas, Nevada 89129 and our telephone number is (702) 316-7000. Our website address is www.purchasepro.com. The information on our website is not a part of this prospectus.

The Offering

<TABLE>
<C>	<S>
Shares offered by PurchasePro.com.....	4,000,000 shares
Total shares to be outstanding after the offering.....	18,009,999 shares
Use of proceeds.....	We have no current specific plans for the use of the net proceeds from this offering. We generally intend to use the net proceeds to expand our sales and marketing activities and for working capital and other general corporate purposes.
Proposed Nasdaq National Market symbol.....	PPRO
</TABLE>

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of June 30, 1999, and does not include the following:

- 2,725,280 shares of common stock issuable upon the exercise of stock options outstanding as of June 30, 1999 and 1,774,720 shares of common stock reserved for issuance under our stock option plans.

- 500,000 shares of common stock issuable upon exercise of warrants issued after June 30, 1999.

Unless otherwise noted, the information in this prospectus assumes:

- the mandatory conversion of all outstanding shares of our preferred stock under the terms of our articles of incorporation into the same number of shares of common stock upon closing of this offering,

- warrants for the purchase of 106,666 shares of common stock outstanding as of June 30, 1999 have been exercised, and

- that the underwriters have not exercised their over-allotment option.

Risk Factors

You should consider the risk factors before investing in PurchasePro.com and the impact from various events which could adversely affect our business. See "Risk Factors" for a discussion of these risks.

You should only rely on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of the securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

Summary Consolidated Financial Data

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	Inception (October 8, 1996) Through December 31, 1996	Year Ended December 31, 1997	Year Ended December 31, 1998	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:					
Revenues	$ --	$ 675,390	$ 1,670,238	$ 529,865	$ 1,679,908
Cost of revenues	--	213,857	445,639	212,225	349,740
Gross profit	--	461,533	1,224,599	317,640	1,330,168
Operating expenses	119,314	3,326,362	7,708,014	3,580,697	7,462,105
Operating loss	(119,314)	(2,864,829)	(6,483,415)	(3,263,057)	(6,131,937)
Other income (expense)	(3,638)	(120,497)	(316,595)	(217,818)	(439,092)
Net loss	(122,952)	(2,985,326)	(6,800,010)	(3,480,875)	(6,571,029)
Preferred stock dividends, accretion of preferred stock to redemption value and value of preferred stock beneficial conversion feature	--	--	(335,438)	(35,000)	(9,781,846)
Net loss applicable to common stockholders	$(122,952)	$(2,985,326)	$(7,135,448)	$(3,515,875)	$(16,352,875)
Loss per share					
Basic	$ (0.02)	$ (0.39)	$ (0.83)	$ (0.37)	$ (2.09)
Diluted	$ (0.01)	$ (0.36)	$ (0.78)	$ (0.35)	$ (1.99)
Weighted average shares outstanding					
Basic	7,700,000	7,700,000	8,600,000	9,600,000	7,826,667
Diluted	8,259,999	8,259,999	9,159,999	10,159,999	8,234,999

<TABLE>
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	As of June 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
<S>	<C>	<C>	<C>
Balance Sheet Data:			
Cash and cash equivalents	$ 3,014,572	$ 3,015,639	$45,695,639
Working capital	2,522,349	2,523,416	45,203,416
Total assets	6,639,975	6,641,042	49,321,042
Notes payable	50,000	50,000	50,000
Redeemable convertible preferred stock	16,121,284	--	--
Total stockholders' equity (deficit)	(10,940,094)	5,182,257	47,862,257

</TABLE>

The pro forma consolidated balance sheet data gives effect to the mandatory conversion of all outstanding shares of preferred stock under the terms of our articles of incorporation into the same number of shares of common stock upon closing of this offering, and the exercise of warrants into 106,666 shares of common stock. Additionally, the pro forma as adjusted consolidated balance sheet data gives effect to the sale of the 4,000,000 shares of common stock at an assumed initial public offering price of $12.00 per share, after deducting the underwriting discounts and commissions and estimated offering expenses payable by PurchasePro.com and the application of the estimated net proceeds. See "Use of Proceeds" and "Capitalization".

RISK FACTORS

You should carefully consider the following risk factors, in addition to the other information in this prospectus, before purchasing shares of common stock of PurchasePro.com. Each of these risk factors could adversely affect our business, financial condition and results of operations as well as adversely affect the value of an investment in our common stock. This offering involves a high degree of risk.

Risks Related to Our Business

We are an early stage company. Our limited operating history makes it difficult to evaluate our future prospects.

We only began offering access to our network in April 1997. We have entered into the majority of our contracts and significant relationships only within the last 12 months. Our extremely limited operating history makes it difficult to evaluate our future prospects. Our prospects are subject to risks and uncertainties frequently encountered by start-up companies in new and rapidly evolving markets. Many of these risks are described in more detail in this "Risk Factors" section.

We have a history of losses and anticipate continued losses, and we may be unable to achieve profitability.

We have never been profitable and expect to continue to incur operating losses on both a quarterly and annual basis for at least the foreseeable future. We may be unable to achieve profitability in the future. We have incurred net losses in each accounting period since our organization in October 1996. As of June 30, 1999, we had an accumulated deficit of $23.5 million. Our financial statements for 1997 had a qualified opinion from our auditors regarding our ability to continue as a going concern. For a detailed discussion of our losses, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview". We expect to continue to make significant expenditures for sales and marketing, programming and development and general and administrative functions. As a result, we will need to generate significant revenues to achieve profitability. We cannot assure you that revenues will grow in the future or that we will achieve sufficient revenues for profitability. If revenues grow more slowly than we anticipate, or if operating expenses exceed our expectations, our business would be materially and adversely harmed.

The revenue and profit potential of our business model is unproven. Our success is dependent on our ability to expand our membership base and expand into new markets and industries.

Our business model is to generate revenues from the development of both public and private e-marketplaces for business-to-business e-commerce. Our business model is new and our ability to generate revenue or profits is unproven. We have initially focused on the hospitality industry and our success is dependent on our ability to expand our membership base within the hospitality industry. Our success is also dependent on our ability to expand into new markets and industries. We cannot assure you that we will be successful.

We depend on sales and marketing strategic relationships for growth. These relationships may not contribute to increased use of our services, help us add new members, or increase our revenue. We may not be able to enter into new or maintain our existing relationships.

We have used and plan to continue to establish sales and marketing strategic relationships with large organizations as part of our growth strategy. These arrangements may not generate any new members or increased revenues. We may not be able to enter into new relationships or renew existing

relationships on favorable terms, if at all. We may not be able to recover our costs and expenses associated with these efforts which could materially and adversely harm our business.

We have historically received substantially all of our revenue from companies serving the hospitality industry. A downturn in the hospitality industry could adversely affect us.

Historically, we have received substantially all of our revenue from members associated with the hospitality industry. We expect that hospitality industry-related revenues will continue to account for a substantial majority of our revenues for the foreseeable future. Our dependence on members associated with the hospitality industry makes us vulnerable to downturns in this industry. Such a downturn could lead our members associated with this industry to reduce their level of activity on our e-marketplace and cause some to cancel their membership, either of which could materially and adversely harm our business.

We face intense competition in the business-to-business e-commerce market, and we cannot assure you that we will be able to compete successfully.

The business-to-business e-commerce market is new, rapidly evolving and intensely competitive, and we expect competition to intensify in the future. Barriers to entry are minimal, and competitors may develop and offer similar services in the future. Our business could be materially and adversely harmed if we are not able to compete successfully against current or future competitors. Although we believe that there may be opportunities for several providers of products and services similar to ours, a single provider may dominate the market. We believe there is no current dominant provider in our market. We expect that additional companies will offer competing e-commerce solutions in the future.

We expect the intensity of competition to increase in the future. Because of the low barriers to entry in the business-to-business e-commerce market, competition from established companies and emerging companies may develop in the future. In addition, our members and partners may become competitors in the future. Increased competition is likely to result in price reductions, reduced gross margins and loss of market share, any of which could materially and adversely harm our business. Our competitors vary in size and in the scope and breadth of the services they offer. In addition to competition from several e-commerce trade communities, we primarily encounter competition from enterprise software purchasing systems providers such as Ariba, Commerce One and TRADE'ex. We may also encounter competition from enterprise software developers such as Peoplesoft, Oracle and SAP.

Virtually all of our current and potential competitors have longer operating histories, larger customer bases and greater brand recognition in business and Internet markets and significantly greater financial, marketing, technical and other resources. Our competitors may be able to devote significantly greater resources to marketing and promotional campaigns, may adopt more aggressive pricing policies or may try to attract users by offering services for free and may devote substantially more resources to product development.

As a strategic response to changes in the competitive environment, we may in the future make pricing, service or marketing decisions or acquisitions that could materially and adversely harm our business.

Our failure to manage growth effectively could impair our business.

Successful implementation of our business plan requires an effective planning and management process. We continue to increase the scope of our operations both domestically and internationally, and we have grown our workforce substantially. Our growth has placed, and our anticipated future

growth in our operations will continue to place, a significant strain on our management systems and resources. We have grown from eight employees in January 1997 to 167 employees as of June 30, 1999. In addition, we plan to continue to add to our sales and marketing, customer support and product development personnel. Our business will suffer if we do not effectively manage our growth. We expect that we will need to continue to improve our financial and managerial controls and reporting systems and procedures, and we will need to continue to expand, train and manage our workforce. Our future performance may also depend on the effective integration of acquired businesses. This integration, even if successful, may take a significant period of time and expense, and may place a significant strain on our resources.

Unsuccessful acquisitions could harm our operating results and our business.

We may acquire businesses, products and technologies that complement or augment our existing businesses, services and technologies. The inability to integrate any newly acquired entities or technologies effectively could harm our operating results and business. Integrating any newly acquired businesses or technologies may be expensive and time consuming. To finance any acquisitions, we may need to raise additional funds through public or private financings. Any equity or debt financings, if available at all, may be on terms that are not favorable to us and, in the case of equity financings, may result in dilution to our stockholders. We may not be able to operate any acquired businesses profitably or otherwise implement our business strategy successfully.

Our long sales cycle for large corporate accounts could cause delays in revenue growth.

Our sales cycle for large corporate accounts typically takes six to nine months to complete and varies from contract to contract, but has taken up to 18 months for some contracts. A large number of our members are introduced to our e-marketplaces through such accounts. Our lengthy sales cycle for large corporate accounts could cause delays in revenue growth, and result in significant fluctuations in our quarterly operating results. The length of the sales cycle may vary depending on a number of factors over which we may have little or no control, including the internal decision-making process of the potential customer and the level of competition that we encounter in our selling activities. Additionally, since the market for business-to-business e-commerce is relatively new, we often have to educate potential customers about the use and benefits of our products and services, which can prolong the sales process. In some cases, we provide access to our e-marketplaces on a trial basis for customer evaluation, which can again prolong the sales process. Our sales cycle can be further extended for product sales made through third parties.

Our quarterly results are subject to significant fluctuations, and our stock price may decline if we do not meet expectations of investors and analysts.

We expect that our quarterly operating results will fluctuate significantly due to many factors, many of which are outside our control, including:

- demand for and market acceptance of our products and services;
- intense and increased competition;
- introductions of new services or enhancements, or changes in pricing policies, by us and our competitors;

- inconsistent growth, if any, of our member base;
- loss of key customers or strategic partners;
- timing of the recognition of revenue for large contracts;
- variations in the dollar volume of transactions effected through our e-marketplaces;
- our ability to control costs; and
- reliable continuity of service and network availability.

We believe that quarterly revenues, expenses and operating results are likely to vary significantly in the future, that period-to-period comparisons of results of operations are not necessarily meaningful and that, as a result, such comparisons should not be relied upon as indications of future performance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Due to these and other factors, it is likely that our operating results will be below market analysts' expectations in some future quarters, which would adversely affect the market price of our stock.

Some small and medium sized businesses that supply larger organizations have been reluctant to join or continue as a member of our e-marketplaces. Our failure to attract and retain a large number of members would materially and adversely harm our business.

Our public e-marketplace operates as an open bidding process allowing buyers to instantaneously compare the prices of suppliers. In some instances, suppliers have been reluctant to join or continue as a member of our

e-marketplaces and participate in an open bidding process because of the increased competition and comparisons this environment creates. Our business could be materially and adversely harmed if we are not successful in adding and retaining a substantial number of small to medium sized businesses as members. Our ability to attract and retain members will depend in part on the continued willingness of our large organization members who buy from them to support us in our recruiting and retention efforts. A significant number of our members using an older version of our software allowed their e-marketplace memberships to lapse at the end of 1998.

Our revenue is derived from providing e-marketplace access to members under short-term, pilot and verbal agreements. The cancellation or non-renewal of these agreements would adversely affect us.

We have generated substantially all of our revenues through member subscription and license fees for access to our e-marketplaces. For the six months ended June 30, 1999, approximately 72% of our revenues were comprised of member subscription fees. Generally, our subscription and license fee contracts are entered into on a month-to-month basis. Although we have executed contracts of a longer duration, generally these longer contracts may be terminated on short-term notice. Some of our agreements with members are verbal and may be terminated at any time. A failure of our members to continuously renew their contracts, or a high rate of termination, would significantly reduce our revenues. Moreover, several of our significant member agreements are pilot programs. We have expended significant financial and personnel resources and have expanded our operations on the assumption that these will be long-term contracts. If these become contracts of short-term duration because of an early termination or non-renewal by the member, we may be unable to recover the costs we incurred and our business could be materially and adversely harmed.

Our success depends on our ability to continuously enhance our services.

Our future success will depend on our ability to enhance our e-marketplace software, and to continue to develop and introduce new services that keep pace with competitive introductions and technological developments, satisfy diverse and evolving member requirements and otherwise achieve market acceptance. In particular, we believe that our future success will depend, in part, upon market acceptance of PurchasePro 4.0 which has only recently been released. We may not be successful in developing and marketing quickly and effectively future versions or upgrades of our software, or offer new services that respond to technological advances or new market requirements. Any failure by us to anticipate or respond adequately to changes in technology and member preferences, or any significant delays in our development efforts, could make our services unmarketable or obsolete, which would materially and adversely harm our business.

We depend upon our key personnel and they would be difficult to replace.

We believe that our success will depend on the continued employment of our senior management team and key sales and technical personnel. If one or more members of our senior management team were unable or unwilling to continue in their present positions, our business would suffer.

We plan to expand our employee base to manage our anticipated growth. Most importantly, we plan to hire additional members of senior management. Competition for personnel, particularly for senior management personnel and employees with technical and sales expertise, is intense. The success of our business is dependent upon hiring and retaining suitable personnel.

If our intellectual property protection is inadequate, competitors may gain access to our technology and undermine our competitive position, causing us to lose members. Infringement by us on the intellectual property rights of others could expose us to substantial liabilities which would materially and adversely harm our business.

We regard our copyrights, service marks, trademarks, trade secrets and similar intellectual property as important to our success, and rely on trademark and copyright law, trade secret protection and confidentiality and/or license agreements with our employees, customers and business partners to protect our proprietary

rights. Despite our precautions, unauthorized third parties may copy certain portions of our services or reverse engineer or obtain and use information that we regard as proprietary. End-user license provisions protecting against unauthorized use, copying, transfer and disclosure of the licensed program may be unenforceable under the laws of certain jurisdictions and foreign countries. The status of United States patent protection in the software industry is not well defined and will evolve as the U.S. Patent and Trademark Office grants additional patents. We have one patent pending in the United States and we may seek additional patents in the future. We do not know if our patent application or any future patent application will be issued with the scope of the claims we seek, if at all, or whether any patents we receive will be challenged or invalidated. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our proprietary rights in the United States or abroad may not be adequate and competitors may independently develop similar technology.

Third parties may infringe or misappropriate our copyrights, trademarks and similar proprietary rights. In addition, other parties may assert infringement claims against us. We cannot be certain that our services do not infringe patents or other intellectual property rights that may relate to our services. In addition, because patent applications in the United States are not publicly disclosed until the patent is issued, applications may have been filed which

relate to our services. We may be subject to legal proceedings and claims from time to time in the ordinary course of our business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. If our services violate third-party proprietary rights, we cannot assure you that we would be able to obtain licenses to continue offering such services on commercially reasonable terms, or at all. Any claims against us relating to the infringement of third-party proprietary rights, even if not meritorious, could result in the expenditure of significant financial and managerial resources and in injunctions preventing us from distributing these services. These claims could materially and adversely harm our business.

Our inability to continue licensing third-party technologies would seriously harm our business.

We intend to continue to license technology from third parties, including our Web server and encryption technology. The market is evolving and we may need to license additional technologies to remain competitive. We may not be able to license these technologies on commercially reasonable terms or at all. In addition, we may fail to successfully integrate any licensed technology into our services. These third-party licenses may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology and our ability to generate revenues from new technology sufficient to offset associated acquisition and maintenance costs. Our inability to obtain any of these licenses could delay product development until equivalent technology could be identified, licensed and integrated. Any such delays in services could materially and adversely harm our business.

Our agreements with affiliates may not have been the result of arm's-length negotiations, and may be less favorable to us than those we could obtain from unaffiliated third parties. Entering into agreements on less than the most favorable terms available could harm our business or limit our revenue growth.

Our agreements with some of our sales and marketing partners may not have been the result of arm's-length negotiations. To the extent our agreements with our affiliates, such as the E-MarketPro, were not negotiated at arm's-length, they may contain terms and conditions less favorable to us than we could have obtained from unaffiliated third parties. Although we have no current plans to enter into any additional agreements with affiliates, any future agreements or relationships with affiliates may not necessarily result from arm's-length negotiations and may not be on terms that are most favorable to us, which could materially and adversely harm our business or limit our revenue growth.

If we do not adequately address "Year 2000" issues, we may incur significant costs and our business could suffer.

Failure of our internal computer systems or third-party equipment or software, or systems maintained by our members and strategic sales and marketing partners, to operate properly with regard to the Year 2000 and thereafter could require us to incur significant unanticipated expenses to remedy any problems and could cause system interruptions and loss of data. Any of these events could harm our reputation and materially and adversely affect our business. We have no specific contingency plan to address the issues that could result from Year 2000 complications. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Readiness".

If we expand our international sales and marketing activities, our business will be exposed to the numerous risks associated with international operations.

We intend to have operations in a number of international markets. To date,

we have limited experience in developing localized versions of our e-marketplace enabling software and in marketing, selling and distributing our solutions internationally.

International operations are subject to many risks, including:

- the impact of recessions in economies outside the United States, especially in Asia;
- changes in regulatory requirements;
- reduced protection for intellectual property rights in some countries;
- potentially adverse tax consequences;
- difficulties and costs of staffing and managing foreign operations;
- political and economic instability;
- fluctuations in currency exchange rates; and
- seasonal reductions in business activity during the summer months in Europe and certain other parts of the world.

Risks Related to the Internet and E-commerce Industries

Our success depends on the Internet's ability to accommodate growth in e-commerce.

The use of the Internet for retrieving, sharing and transferring information among businesses, buyers, suppliers and partners has only recently begun to develop. If the Internet is not able to accommodate growth in e-commerce, our business would suffer. The recent growth in the use of the Internet has caused frequent periods of performance degradation. Our ability to sustain and improve our services is limited, in part, by the

speed and reliability of the networks operated by third parties. Consequently, the emergence and growth of the market for our services is dependent on improvements being made to the Internet infrastructure to alleviate overloading and congestion.

A lack of development of the e-commerce market would negatively affect us.

If the e-commerce market does not grow or grows more slowly than expected, our business will suffer. The possible slow adoption of the Internet as a means of commerce by businesses may harm our prospects. A number of factors could prevent the acceptance and growth of e-commerce, including the following:

- e-commerce is at an early stage and buyers may be unwilling to shift their traditional purchasing to online purchasing;
- businesses may not be able to implement e-commerce applications on these networks;
- increased government regulation or taxation may adversely affect the viability of e-commerce;
- insufficient availability of telecommunication services or changes in telecommunication services may result in slower response times; and
- adverse publicity and consumer concern about the reliability, cost, ease of access, quality of services, capacity, performance and security of e-commerce transactions could discourage its acceptance and growth.

Even if the Internet is widely adopted as a means of commerce, the adoption

of our network for procurement, particularly by companies that have relied on traditional means of procurement, will require broad acceptance of the new approach. In addition, companies that have already invested substantial resources in traditional methods of procurement, or in-house e-commerce solutions, may be reluctant to adopt our e-commerce solution.

Security risks of electronic commerce may deter use of our products and services.

A fundamental requirement to conduct business-to-business e-commerce is the secure transmission of information over public networks. If members are not confident in the security of e-commerce, they may not effect transactions on our e-marketplaces which would materially and adversely harm our business. We cannot be certain that advances in computer capabilities, new discoveries in the field of cryptography, or other developments will not result in the compromise or breach of the algorithms we use to protect content and transactions on our e-marketplaces or proprietary information in our databases. Anyone who is able to circumvent our security measures could misappropriate proprietary, confidential member information, place false orders or cause interruptions in our operations. We may be required to incur significant costs to protect against security breaches or to alleviate problems caused by breaches. Further, a well-publicized compromise of security could deter people from using the Internet to conduct transactions that involve transmitting confidential information. Our failure to prevent security breaches, or well-publicized security breaches affecting the Internet in general could materially and adversely affect our business.

Failure to maintain accurate databases could seriously harm our business and reputation.

We update and maintain extensive databases of the products, services and e-marketplace transactions for our members. Our computer systems and databases must allow for expansion as a member's business grows without losing performance. Database capacity constraints may result in data maintenance and accuracy problems which could cause a disruption in our service and our ability to provide accurate information to our members. These problems may result in a loss of members which could materially and adversely harm our business. Some of our customer contracts provide for service level guarantees for the accuracy of data. Our failure to satisfy these service level guarantees could result in liability or termination of the contract and a loss of business, and our business and our reputation would suffer.

Failure to predict capacity constraints and provide for additional capacity on our network would materially and adversely harm our business.

Traffic in our e-marketplaces has increased to the point where we must expand and upgrade some of our transaction processing systems and network hardware and software. We may not be able to accurately predict the rate of increase in the usage of our network. This may affect our timing and ability to expand and upgrade our systems and network hardware and software capabilities to accommodate increased use of our network. If we do not upgrade our systems and network hardware and software appropriately, we may experience downgraded service and our business, financial condition and results of operations could be materially and adversely affected.

If we encounter system failure, our business and reputation could be damaged.

Our ability to successfully maintain an e-commerce marketplace and provide acceptable levels of customer service largely depends on the efficient and uninterrupted operation of our computer and communications hardware and network systems. Any interruptions could materially and adversely harm our business. Our computer and communications systems are located in Las Vegas, Nevada. Although we periodically back up our databases to tapes and store the

backup tapes offsite, we do not maintain a redundant site. Our systems and operations are vulnerable to damage or interruption from human error, sabotage, fire, flood, earthquake, power loss, telecommunications failure and similar events. Although we have taken certain steps to prevent a system failure, we cannot assure you that our measures will be successful and that we will not experience system failures in the future. Moreover, we have experienced delays and interruptions in our telephone and Internet access which have prevented members from accessing our e-marketplaces and customer service department. Furthermore, we do not have a formal disaster recovery plan and do not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any system failure. The occurrence of any system failure or similar event could materially and adversely harm our business. In addition, we may move to third-party hosting of our servers. We cannot assure you that this transition, if undertaken, would be effected without interruptions. Further, any such third-party host could be subject to the same risks of system failure as our current site.

Our services may be adversely affected by unknown software defects.

Our e-marketplace services depend on complex software developed internally and by third parties. Software often contains defects, particularly when first introduced or when new versions are released. Our testing procedures may not discover software defects that affect our new or current services or enhancements until after they are deployed. These defects could cause service interruptions, which could damage our reputation or increase our service costs, cause us to lose revenue, delay market acceptance or divert our development resources, any of which could materially and adversely harm our business. In the past, we have missed internal software development and enhancement deadlines. Some of our contracts contain software enhancement and development milestones. If we are unable to meet these milestones, whether or not the failure is attributable to us or a third party, we may be in breach of our contractual obligations. Such a breach could damage our reputation, lead to termination of the contract and materially and adversely affect our business.

Governmental regulation and legal uncertainties could impair the growth of the Internet and decrease demand for our services and increase our cost of doing business.

The laws governing Internet transactions remain largely unsettled, even in areas where there has been some legislative action. The adoption or modification of laws or regulations relating to the Internet could increase our costs and administrative burdens. It may take years to determine whether and how existing laws such as those governing intellectual property, privacy, libel, consumer protection and taxation apply to the Internet.

Laws and regulations directly applicable to communications or commerce over the Internet are becoming more prevalent. We must comply with new regulations in the United States and other countries where we

conduct business. The growth and development of the business-to-business e-commerce market may prompt calls for more stringent laws governing consumer protection and the taxation of e-commerce. Non-compliance with any newly adopted laws and regulations could expose us to significant liabilities which could materially and adversely harm our business.

If we are not able to acquire or maintain effective Web addresses, our business will suffer.

We currently hold various Internet Web addresses relating to our network. If we are not able to prevent third parties from acquiring Web addresses that are similar to our addresses, our business could be seriously harmed. The acquisition and maintenance of Web addresses generally is regulated by governmental agencies and their designees. The regulation of Web addresses in

the United States and in foreign countries is subject to change. As a result, we may not be able to acquire or maintain relevant Web addresses in all countries where we conduct business. Furthermore, the relationship between regulations governing such addresses and laws protecting proprietary rights is unclear.

We may be subject to legal liability for communication on our network.

We may be subject to legal claims relating to the content in our network, or the downloading and distribution of such content. Claims could involve matters such as fraud, defamation, invasion of privacy and copyright infringement. Providers of Internet products and services have been sued in the past, sometimes successfully, based on the content of material. Our insurance may not cover claims of this type, or may not provide sufficient coverage. Even if we are ultimately successful in our defense of these claims, any such litigation is costly and these claims could materially and adversely harm our reputation and our business.

Risks Related to this Offering

Our executive officers, directors and principal stockholders will exercise significant control over PurchasePro.com and could limit the ability of our other stockholders to influence the outcome of director elections and other transactions submitted to a vote of our stockholders.

We anticipate that our executive officers, directors and principal stockholders will, in the aggregate, beneficially own approximately 37% of our outstanding common stock following the completion of this offering (36% if the underwriters' over-allotment option is exercised in full). These stockholders will be able to exercise substantial influence over all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control of PurchasePro.com. See "Principal Stockholders."

You will experience immediate dilution with respect to your shares. We may need additional capital and raising additional capital may dilute existing stockholders.

You will incur immediate and substantial dilution of $9.34 per share, based upon an assumed initial public offering price of $12.00 per share, in the net tangible book value of your shares as a result of this offering. See "Dilution."

Historically, we have financed our business and operations through the sale of equity. We believe that the net proceeds from this offering will enable us to maintain our current and planned operations for at least the next 18 months. After that, we may need to raise additional funds. If our capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. Such financing may not be available in sufficient amounts or on terms acceptable to us, or at all, and may be dilutive to existing stockholders.

Our stock has not been publicly traded before this offering and our stock price may be volatile.

Our common stock has not been publicly traded, and an active trading market may not develop or be sustained after this offering. We and the underwriters will determine the initial public offering price. The price

at which our common stock will trade after this offering is likely to be highly volatile and may fluctuate substantially due to factors such as:

. actual or anticipated fluctuations in our results of operations;

- changes in or failure by us to meet securities analysts' expectations;
- announcements of technological innovations;
- introduction of new services by us or our competitors;
- developments with respect to intellectual property rights;
- conditions and trends in the Internet and other technology industries; and
- general market conditions.

In addition, the stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stocks of technology companies, particularly Internet companies. These broad market fluctuations may result in a material decline in the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and resources, which could have a material adverse effect upon our business and operating results.

Shares eligible for future sale by our existing stockholders may adversely affect our stock price.

The market price of our common stock could drop due to the sales of a large number of shares of our common stock or the perception that such sales could occur. These factors could also make it more difficult to raise funds through future offerings of common stock.

After this offering, 18,009,999 shares of common stock will be outstanding. Of these shares, the 4,000,000 shares sold in this offering will be freely tradeable without restrictions under the Securities Act of 1933, except for any shares purchased by our "affiliates," as defined in Rule 144 under the Securities Act. The number of shares of common stock outstanding would increase to 18,609,999 and the number of freely tradeable shares would increase to 4,600,000 if the underwriters exercise their over-allotment option in full. Our officers and directors and all stockholders have entered into lock-up agreements pursuant to which they have agreed not to offer or sell any shares of common stock for a period of 180 days after the date of this prospectus without the prior written consent of Prudential Securities, on behalf of the underwriters. These individuals or entities may request that Prudential Securities consider an early release from their lock-up agreement. Prudential Securities may, at any time and without notice, grant an early release for shares subject to these lock-up agreements. Upon expiration of this 180-day lock-up period, the shares owned by these persons prior to completion of this offering may be sold into the public market without registration under the Securities Act in compliance with the volume limitations and other applicable restrictions of Rule 144 under the Securities Act. After the date of this prospectus, we intend to file a registration statement under the Securities Act to register all shares of common stock issuable upon the exercise of outstanding stock options and reserved for issuance under our stock option plans. This registration statement is expected to become effective immediately upon filing, and subject to the vesting requirements and exercise of the related options (as well as the terms of the lock-up agreements), shares covered by this registration statement will be eligible for sale in the public markets. See "Shares Eligible for Future Sale."

Our management will have broad discretion over the use of the net proceeds. Failure to use the net proceeds in an effective and beneficial manner would materially and adversely harm our business.

We have no current specific plans for the use of the net proceeds from this offering. We intend generally to use the net proceeds from this offering to expand our sales and marketing activities and for general corporate

purposes, including working capital and strategic investments. We have not yet determined the actual expected expenditures and thus cannot estimate the amounts to be used for each specified purpose. The actual amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash generated by our operations and the market response to the introduction of any new service offerings. Depending on future developments and circumstances, we may use some of the proceeds for uses other than those described above. Our management will therefore have significant flexibility in applying the net proceeds of this offering. Failure to use the net proceeds in a manner beneficial to us would materially and adversely harm our business.

Our articles of incorporation and bylaws and Nevada law contain provisions which could delay or prevent a change in control and could also limit the market price of your stock.

Our articles of incorporation and bylaws will contain provisions that could delay or prevent a change in control. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. Some of these provisions:

- divide our board of directors into three classes;

- authorize the issuance of preferred stock which can be created and issued by the board of directors without prior stockholder approval, commonly referred to as "blank check" preferred stock, with rights senior to those of common stock;

- prohibit stockholder action by written consent; and

- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting.

In addition, certain provisions of Nevada law make it more difficult for a third party to acquire us. Some of these provisions:

- establish a supermajority stockholder voting requirement to approve an acquisition by a third party of a controlling interest; and

- impose time restrictions or require additional approvals for an acquisition of us by an interested stockholder.

These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock. See "Description of Capital Stock" for additional discussion of these provisions.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements based largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions identify these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described above under the caption "Risk Factors." In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

The net proceeds to us from the sale of 4,000,000 shares of common stock in this offering are estimated to be approximately $42.7 million ($49.4 million if the underwriters' over-allotment option is exercised in full), at an assumed initial public offering price of $12.00 per share and after deducting underwriting discounts and commissions and estimated offering expenses.

We have no current specific plans for use of the net proceeds from this offering, and our management will have broad discretion over the use of the net proceeds. We generally intend to use the net proceeds of this offering for the following:

- expansion of our sales and marketing activities; and
- working capital and other general corporate purposes.

We have not yet determined the actual expected expenditures and thus cannot estimate the amounts to be used for each purpose discussed above. The amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash generated by our operations and the market response to our introduction of any new services.

In addition, we may use a portion of the net proceeds of this offering to acquire or invest in businesses, products, services or technologies complementary to our current business, through mergers, acquisitions, joint ventures or otherwise. However, we have no specific agreements or commitments and are not currently engaged in any negotiations with respect to these transactions. We have not yet established criteria for evaluating acquisitions or investments. We intend to invest the net proceeds of this offering in short-term, interest bearing, investment grade securities or guaranteed obligations of the U.S. government pending the above uses.

DIVIDEND POLICY

We have never declared or paid dividends on our capital stock and do not anticipate declaring or paying any dividends in the foreseeable future. We currently intend to retain any future earnings for the expansion of our business.

DILUTION

Purchasers of the common stock in this offering will experience immediate and substantial dilution in the net tangible book value of the common stock from the initial public offering price. Net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities, divided by the number of shares of common stock outstanding.

- As of June 30, 1999, our pro forma net tangible book value was $5.7 million, or $0.40 per share of common stock after giving effect to the conversion of all outstanding shares of preferred stock into shares of common stock, the exercise of warrants into 106,666 shares of common stock, and the exercise of currently exercisable options to purchase 155,000 shares of common stock.
- As of June 30, 1999, our pro forma net tangible book value as adjusted for the sale of the 4,000,000 shares offered in this offering and application of the estimated net proceeds of $42.7 million (at an assumed initial public offering price of $12.00 per share and after deducting the underwriting discounts and commissions and estimated offering expenses), would have been approximately $2.66 per share.

This represents an immediate increase of $2.26 per share to existing stockholders and an immediate and substantial dilution of $9.34 per share to

new investors purchasing common stock in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price		$12.00
Pro forma net tangible book value as of June 30, 1999	$0.40	
Increase attributable to new investors	2.26	
Pro forma net tangible book value after the offering		2.66
Dilution to new investors		$ 9.34

The following table summarizes on a pro forma basis as of June 30, 1999 the differences between the total consideration paid and the average price per share paid by the existing stockholders, including the assumed exercise of warrants to purchase 106,666 shares, and the new investors with respect to the number of shares of common stock purchased from us based on an assumed initial public offering price of $12.00 per share and before deducting the underwriting discounts and commissions and our estimated offering expenses:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	14,009,999	78%	$18,721,382	28%	$ 1.34
New investors	4,000,000	22	48,000,000	72	$12.00
Total	18,009,999	100%	$66,721,382	100%	

The above discussion and tables assume no exercise of the underwriter's over-allotment option and except as set forth above no exercise of any stock options outstanding as of June 30, 1999. As of June 30, 1999, there were options outstanding to purchase a total of 2,725,280 shares of common stock at a weighted average exercise price of $3.25 per share, of which 155,000 were exercisable as of June 30, 1999. If these options are exercised in the future it will be further dilutive to investors who purchase shares at the initial public offering price. Options available for grant under our stock option plans may be granted at exercise prices less than the market value of common stock on the grant date. If we grant options below fair market value it could be dilutive to investors who purchase shares at the initial public offering price.

CAPITALIZATION

The following table sets forth the capitalization of PurchasePro.com as of June 30, 1999:

- on an actual basis;
- on a pro forma basis after giving effect to (1) the mandatory conversion of all outstanding shares of preferred stock under the terms of our articles of incorporation into the same number of shares of common stock upon closing of the offering, including a total of 2,100,000 shares of Series A Preferred Stock issued in June 1998 and 3,300,000 shares of Series B Preferred Stock issued in June 1999, and (2) the assumed exercise of warrants to purchase 106,666 shares of common stock outstanding at June 30, 1999; and

. on a pro forma basis as adjusted to reflect our receipt of the estimated net proceeds from the sale of the 4,000,000 shares of common stock in this offering at an assumed public offering price of $12.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses.

You should read the capitalization table together with the sections of this prospectus entitled "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included in this prospectus.

<TABLE>
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	June 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
<S>	<C>	<C>	<C>
Notes payable	$ 50,000	$ 50,000	$ 50,000
Redeemable convertible preferred stock			
Series A: $0.001 par value; 8% convertible; $2.50 liquidation preference; 2,100,000 shares authorized, issued and outstanding; pro forma--no shares authorized, issued or outstanding; pro forma as adjusted--no shares authorized, issued or outstanding	4,641,808	--	--
Series B: $0.001 par value; 8% convertible; $3.50 liquidation preference; 3,300,000 shares authorized, issued and outstanding; pro forma--no shares authorized, issued or outstanding; pro forma as adjusted--no shares authorized, issued or outstanding	11,479,476	--	--
Stockholders' equity (deficit):			
Common stock: $0.01 par value; 40,000,000 shares authorized; 8,503,333 shares issued and outstanding; pro forma--40,000,000 shares authorized, 14,009,999 shares issued and outstanding; pro forma as adjusted--40,000,000 shares authorized, 18,009,999 issued and outstanding(1)	85,033	140,100	180,100
Additional paid-in capital	20,128,338	36,195,622	78,835,622
Deferred stock-based compensation	(7,665,142)	(7,665,142)	(7,665,142)
Accumulated deficit	(23,488,323)	(23,488,323)	(23,488,323)
Total stockholders' equity (deficit)	(10,940,094)	5,182,257	47,862,257
Total capitalization	$ 5,231,190	$ 5,232,257	$ 47,912,257

</TABLE>

(1) The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of June 30, 1999, and does not include the following:

. 2,725,280 shares of common stock issuable upon the exercise of stock options outstanding as of June 30, 1999 and 1,774,720 shares of common stock reserved for issuance under our stock option plans.

. 500,000 shares of common stock issuable upon exercise of warrants issued after June 30, 1999.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

We derived the selected consolidated financial data presented below from our historical financial statements and related notes included elsewhere in this prospectus. You should read the selected consolidated financial data together with our historical financial statements, related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Arthur Andersen LLP, independent public accountants, audited our historical financial statements for the period from inception (October 8, 1996) through December 31, 1996, and for each of the two years in the period ended December 31, 1998. Their report appears in another part of this prospectus. Our historical financial statements for the quarters ended June 30, 1998 and 1999 are unaudited, and in our opinion include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the unaudited period. You should not rely on interim results as being indicative of results we may experience for future periods.

<TABLE>
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Statement of Operations Data:	Inception (October 8, 1996) through December 31, 1996	Year Ended December 31, 1997	Year Ended December 31, 1998	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Subscription fees	$ --	$ 512,761	$ 1,307,611	$ 414,085	$ 1,211,695
Transaction fees	--	--	153,828	--	181,646
Other	--	162,629	208,799	115,780	286,567
Total revenues	--	675,390	1,670,238	529,865	1,679,908
Cost of revenues	--	213,857	445,639	212,225	349,740
Gross profit	--	461,533	1,224,599	317,640	1,330,168
Operating expenses					
Sales and marketing	22,592	1,179,327	3,840,776	1,850,407	2,171,592
General and administrative	9,860	1,344,860	2,895,779	1,270,640	3,422,814
Programming and development	86,862	802,175	971,459	459,650	778,507
Amortization of stock-based compensation	--	--	--	--	1,089,192
Total operating expenses	119,314	3,326,362	7,708,014	3,580,697	7,462,105
Operating loss	(119,314)	(2,864,829)	(6,483,415)	(3,263,057)	(6,131,937)
Other income (expense)					
Interest expense	(3,638)	(120,497)	(332,895)	(228,243)	(160,085)
Other	--	--	16,300	10,425	(279,007)
Total other income (expense)	(3,638)	(120,497)	(316,595)	(217,818)	(439,092)
Net loss before benefit for income taxes	(122,952)	(2,985,326)	(6,800,010)	(3,480,875)	(6,571,029)

Benefit for income taxes	--	--	--	--	--
Net loss	(122,952)	(2,985,326)	(6,800,010)	(3,480,875)	(6,571,029)
Preferred stock dividends	--	--	(245,000)	(35,000)	(287,000)
Accretion of preferred stock to redemption value	--	--	(90,438)	--	(94,846)
Value of preferred stock beneficial conversion feature	--	--	--	--	(9,400,000)
Net loss applicable to common stockholders	$(122,952)	$(2,985,326)	$(7,135,448)	$(3,515,875)	$(16,352,875)
Loss per share					
Basic	$ (0.02)	$ (0.39)	$ (0.83)	$ (0.37)	$ (2.09)
Diluted	$ (0.01)	$ (0.36)	$ (0.78)	$ (0.35)	$ (1.99)
Weighted average shares outstanding					
Basic	7,700,000	7,700,000	8,600,000	9,600,000	7,826,667
Diluted	8,259,999	8,259,999	9,159,999	10,159,999	8,234,999
Supplemental operating data					
Total subscribers, end of period	--	629	1,831	1,248	2,569

	As of December 31, 1996	As of December 31, 1997	As of December 31, 1998	As of June 30, 1999
<S>	<C>	<C>	<C>	<C>
Balance Sheet Data:				
Cash and cash equivalents	$ 835	$ 7,894	$ 1,689,288	$ 3,014,572
Working capital (deficit)	(49,254)	(1,907,159)	907,276	2,522,349
Total assets	70,269	608,565	2,744,757	6,639,975
Notes payable	133,132	2,567,000	1,544,939	50,000
Redeemable convertible preferred stock	--	--	6,339,438	16,121,284
Total stockholders' equity (deficit)	(112,952)	(2,708,896)	(5,880,944)	(10,940,094)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included elsewhere in this prospectus and which are deemed to be incorporated into this section. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including but not

limited to those set forth under "Risk Factors" and included elsewhere in this prospectus.

Overview

PurchasePro.com is a leading provider of Internet business-to-business electronic commerce services. We develop public and private online business e-marketplace communities. Our e-marketplaces provide businesses of all sizes with a low cost and efficient e-commerce solution for buying and selling a wide range of products and services over the Internet.

Our predecessor company was incorporated in October 1996. In January 1998, we incorporated PurchasePro.com and acquired all of the assets and assumed all the liabilities of our predecessor. In August 1998, we acquired our subsidiary company, Hospitality Purchasing Systems (HPS). From October 1996 to the commercial release of our service in April 1997, we were primarily engaged in raising capital and developing our e-marketplace software and network infrastructure.

In April 1997, we released PurchasePro 1.0, enabling our members to transact e-commerce over our network. Our next release in July 1997 provided this capability over the Internet. In September 1998, we released PurchasePro 3.0, our e-marketplace enabling software. In February 1999, we released PurchasePro 4.0, which allows members the additional capability of building private e-marketplaces.

To date, substantially all of our revenues have come from monthly membership subscription fees for access to our e-marketplaces. Most of our members are companies that sell products and services to large hotels and resorts in Nevada and Florida. Generally, our subscription and license fee contracts are entered into on a month-to-month basis. Although we have executed contracts of a longer duration, generally these contracts may be terminated at any time on 30 to 60 days' notice. Some of our contracts may be terminated on even shorter notice, one in as little as 7 days. Some of our agreements with members are verbal and as such may be terminated at any time. In August 1998, our HPS subsidiary began generating transaction fees from group buying services provided to the hospitality industry. In 1999, with the release of version 4.0, we began contracting with larger corporate customers to create customized, private e-marketplaces. Typically, we charge these companies licensing and maintenance fees for this service. The licensing fees are initially deferred and recognized over the period that the private e-marketplace is created and the maintenance fees are deferred and recognized ratably over the period of service. In order to build our subscriber base we have also provided Web site development and hosting services and fees for catalog building services. We also charge our members a fee for processing their subscription payments by electronic funds transfer or credit card.

In the future, we plan to derive revenues from sources other than subscription fees within our private e-marketplaces, including transaction fees. In addition, we intend to generate transaction fee revenue from transactions consummated by our members with value added merchandise and service providers. Also we believe we will generate advertising fees from banner and classified advertisements. We cannot assure you that we will be successful in generating any of these additional revenues and fees. See "Risk Factors--The revenue and profit potential of our business model is unproven. Our success is dependent on our ability to expand our membership base and expand into new markets and industries."

Since our inception on October 8, 1996, we have incurred significant net losses. From inception through December 31, 1996, we had a net loss of $123,000. For the years ended December 31, 1997 and 1998, our net

losses applicable to common stock were $3.0 million and $7.1 million, respectively. For the six months ended June 30, 1998 and 1999, we had net

losses of $3.5 million and $16.4 million, respectively. Through June 30, 1999, our accumulated deficit totaled $23.5 million.

Results of Operations

Six Months Ended June 30, 1998 and June 30, 1999

Revenues. Our revenues consist primarily of subscription fees charged to our members. Through HPS, we earn transaction fees for providing a service that consolidates the buying power of its participating members. We also charge license fees to larger buyer companies for creating and developing their private e-marketplaces along with an annual maintenance fee. In addition, we earn revenues from the sale of Web site development and hosting services, from catalog development services and for electronically processing our members' payments. Our net revenues increased from $530,000 for the six months ended June 30, 1998, to $1.7 million for the six months ended June 30, 1999. Our subscription revenue increased from $414,000 for the six months ended June 30, 1998 to $1.2 million for the six months ended June 30, 1999. Substantially all of this increase resulted from growth in our membership and from new license arrangements. HPS transaction fees increased from $0 for the six months ended June 30, 1998 to $182,000 for the six months ended June 30, 1999. Other revenues increased from $116,000 for the six months ended June 30, 1998, to $287,000 for the six months ended June 30, 1999, including license fees which increased from $0 for the six months ended June 30, 1998 to $132,000 for the six months ended June 30, 1999. Web site development and hosting and catalog fees increased from $85,000 for the six months ended June 30, 1998 to $118,000 for the six months ended June 30, 1999.

Cost of Revenues. Our cost of revenues consists primarily of costs for member support and Web site operations, including fees for independent contractors, compensation for our member support and site operations personnel and, to a lesser extent, bank and credit card processing charges. Our cost of revenue increased from $212,000 for the six months ended June 30, 1998, to $350,000 for the six months ended June 30, 1999. The increase was primarily the result of the increase in personnel in our member service department. Expenses related to personnel costs of our member service and web site operations departments increased from $168,000 for the six months ended June 30, 1998 to $297,000 for the six months ended June 30, 1999. We expect that our cost of revenues will increase in absolute dollars, but will remain constant or decrease as a percentage of revenues in future periods. This reflects the increased efficiency of our member service department to provide service to our customers and the decrease in the number of member service calls per member as our members gain experience using the network. Our gross profit increased from $318,000 for the six months ended June 30, 1998 to $1.3 million for the six months ended June 30, 1999.

Sales and Marketing Expenses. Our sales and marketing expenses are comprised primarily of compensation for our sales and marketing personnel, travel and related costs, and costs associated with our marketing activities such as advertising, trade show and other promotional activities. Our sales and marketing expenses increased from $1.9 million for the six months ended June 30, 1998, to $2.2 million for the six months ended June 30, 1999. This increase is primarily attributable to an increase in the size of our sales force. Expenses related to personnel costs of sales and marketing personnel increased from $802,000 for the six months ended June 30, 1998 to $1.5 million for the six months ended June 30, 1999. We plan to continue to increase the size of our sales force and to expand our advertising and marketing activities. Travel and related costs increased from $168,000 for the six months ended June 30, 1998, to $313,000 for the six months ended June 30, 1999. Costs associated with our marketing activities increased from $125,000 for the six months ended June 30, 1998, to $262,000 for the six months ended June 30, 1999. We expect that our sales and marketing expenditures will increase significantly, both in absolute dollars and as a percentage of net revenues, as we open sales offices in new geographic regions, increase our marketing efforts and incur additional sales commissions.

General and Administrative Expenses. Our general and administrative expenses consist primarily of compensation for personnel and, to a lesser extent, fees

for professional services, facility costs and

communications costs. Our general and administrative expenses increased from $1.3 million for the six months ended June 30, 1998, to $3.4 million for the six months ended June 30, 1999. The increase is primarily attributable to the increased size of our executive and administrative staff. Expenses related to personnel costs of our general and administrative personnel increased from $574,000 for the six months ended June 30, 1998 to $1.1 million for the six months ended June 30, 1999. Facilities costs increased from $52,000 for the six months ended June 30, 1998, to $154,000 for the six months ended June 30, 1999, as the result of our move into our new corporate location. Our communications costs increased from $114,000 for the six months ended June 30, 1998, to $136,000 for the six months ended June 30, 1999, as a result of our expansion into new geographic areas throughout late 1998 and early 1999. Other general and administrative expenses increased primarily as a result of a larger amount charged to our reserve for doubtful accounts. The charge for doubtful accounts totaled $14,000 for the six months ended June 30, 1998, as compared to $155,000 for the six months ended June 30, 1999. The increase corresponds to the increase in our revenues, and a better knowledge of the estimated bad debt percentage based on our collection experience since June 30, 1998. We believe that our allowance for doubtful accounts will decrease as a percentage of revenues in future periods as we implement more efficient membership credit reviews and as more members convert to electronic fund transfer or credit card payment methods. Further, we recognized a non-cash charge of $800,000 related to the issuance of stock options to our directors at an exercise price below fair value. We expect that our general and administrative expenses will increase in absolute dollars as we continue to expand our operations but remain relatively constant as a percentage of net revenues.

Programming and Development Expenses. Programming and development expenses consist primarily of compensation for our product development staff and payments to outside contractors. Our product development expenses increased from $460,000 for the six months ended June 30, 1998, to $779,000 for the six months ended June 30, 1999. The increase is primarily attributable to an increase in our programming staff. Expenses related to program and development personnel increased from $389,000 for the six months ended June 30, 1998 to $733,000 for the six months ended June 30, 1999. We expect that our programming and development expenses will increase in absolute dollars as we continue to develop and enhance our service offerings but remain relatively constant as a percentage of net revenues.

Deferred Stock-Based Compensation. During the six months ended June 30, 1999, we recorded aggregate deferred stock compensation of $8.8 million in connection with certain stock options granted to employees as additional paid-in capital. The deferred stock compensation is being amortized over the vesting periods of the related options. For the six months ended June 30, 1999, amortization of deferred stock-based compensation totaled $1.1 million. We expect that $3.6 million of deferred stock-based compensation will be amortized to expense in the three months ended September 30, 1999, based on the vesting schedules of stock options outstanding as of June 30, 1999.

Interest Expense. Interest expense primarily relates to borrowings from our principal stockholder in 1997, notes payable outstanding from January 1998 through June 1998 and notes payable outstanding since September 1998 and December 1998. Our interest expense decreased from $228,000 for the six months ended June 30, 1998, to $160,000 for the six months ended June 30, 1999. The decrease resulted from the repayment of $2,300,000 of notes payable in June 1998, offset by notes payable and advances made in late 1998 and early 1999.

Years Ended December 31, 1997 and December 31, 1998

Revenues. Revenues increased from $675,000 for 1997 to $1.7 million for 1998. Substantially all of this increase resulted from growth in our membership. For the year ended December 31, 1997, $513,000 of our revenues were

from member subscription services and $163,000 were from Web site development and hosting fees, and other fees. For the year ended December 31, 1998, our member subscription fees totaled $1.3 million, our revenues from our HPS subsidiary totaled $154,000, and our revenues from Web site development and hosting fees totaled $145,000.

Cost of Revenues. Our cost of revenues increased from $214,000 for the year ended December 31, 1997, to $446,000 for the year ended December 31, 1998. The increase was primarily the result of the increase in

personnel in our member service department. Expenses related to personnel costs of our member service and web site operations departments increased from $159,000 for the year ended December 31, 1997, to $357,000 for the year ended December 31, 1998. Our gross profit increased from $462,000 for 1997 to $1.2 million for 1998.

Sales and Marketing Expenses. Our sales and marketing expenses increased from $1.2 million for 1997 to $3.8 million for 1998. This increase was primarily attributable to expansion of our sales force into several geographic regions throughout the country, plus expanded marketing activities that included attendance at numerous trade shows, advertising campaigns, and costs of producing marketing materials. Further, we recognized a non-cash charge of $720,000 related to the issuance of common stock to a stockholder at a price below fair value in connection with services provided by a stockholder. Expenses related to personnel costs of our sales and marketing department increased from $686,000 for the year ended December 31, 1997, to $2.2 million for the year ended December 31, 1998. Travel and related costs increased from $117,000 for the year ended December 31, 1997, to $437,000 for the year ended December 31, 1998. Costs associated with our marketing activities increased from $131,000 for the year ended December 31, 1997, to $362,000 for the year ended December 31, 1998.

General and Administrative Expenses. Our general and administrative expenses increased from $1.3 million for 1997 to $2.9 million for 1998. This increase was primarily attributable to increasing the size of our executive and administrative staffs and legal fees and, to a lesser extent, and communication costs and an increase in our reserve for doubtful accounts. Expenses related to personnel costs of our general and administrative personnel increased from $695,000 for the year ended December 31, 1997, to $1.3 million for the year ended December 31, 1998. The increase is primarily attributable to the increased size of our executive and administrative staff. Our communications costs increased significantly from $94,000 for the year ended December 31, 1997, to $257,000 for the year ended December 31, 1998, as a result of our expansion into new geographic areas throughout 1998. Other general and administrative expenses increased primarily as a result of a larger amount charged to our reserve for doubtful accounts. The charge for doubtful accounts totaled $73,000 for the year ended December 31, 1997, as compared to $127,000 for the year ended December 31, 1998. The increase corresponds to the increase in our revenues between years.

Programming and Development Expenses. Our programming and development expenses increased from $802,000 for 1997 to $971,000 for 1998. The increase is primarily attributable to increased salaries, payroll taxes and employee benefits associated with the development of new versions of our network during 1998.

Interest Expense. Our interest expense increased from $120,000 for 1997 to $333,000 for 1998. This increase resulted from the issuance of $2.3 million of notes payable in January 1998 that were repaid in June 1998, $1.5 million of notes payable in September 1998 and $350,000 of notes payable in December 1998.

Period from Inception (October 8, 1996) through December 31, 1996 and Year Ended December 31, 1997

Revenues. We did not have any revenues prior to April 1, 1997. Prior to that time, we were principally engaged in the development of our basic service. In April 1997, we released PurchasePro 1.0 and began generating revenues. Our revenues were $675,000 in 1997.

Cost of Revenues. We did not have any cost of revenues prior to April 1, 1997. After we commenced offering our services, we began to incur cost of revenues due to the establishment of our customer service department and bank and credit card processing charges. In 1997, our cost of revenues was $214,000, and our gross profit was $462,000.

Sales and Marketing Expenses. Sales and marketing expenses increased from $23,000 for 1996 to $1.2 million for 1997. We began limited marketing of our service in 1996, and in 1997, we expanded our sales and marketing force, entered new markets and began various marketing activities.

General and Administrative Expenses. Our general and administrative expenses increased from $10,000 for 1996 to $1.3 million for 1997. In 1997, we significantly increased our administrative staff, incurred professional fees and facilities costs, and established a reserve for estimated doubtful accounts.

Programming and Development Expenses. Our programming and development expenses increased from $87,000 for 1996 to $802,000 for 1997. In 1997, we continued to upgrade our network capacity and functionality.

Interest Expense. Interest expense increased from $4,000 for 1996 to $120,000 for 1997. In 1997, interest expense was primarily related to a note payable issued to our principal stockholder.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly results of operations data for our six most recent quarters ended June 30, 1999. You should read the following table in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared this unaudited information on the same basis as the audited consolidated financial statements. This table includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the quarters presented. We have experienced and expect to continue to experience fluctuations in operating results from quarter to quarter. We incurred net losses in each of the last five quarters and expect to continue to incur losses for the foreseeable future. You should not draw any conclusions about our future results from the results of operations for any quarter, or for any period.

<TABLE>
<CAPTION>

	Quarters Ended					
	Mar. 31, 1998	June 30, 1998	Sept. 30, 1998	Dec. 31, 1998	Mar. 31, 1999	June 30, 1999
			(unaudited)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Revenues	$ 236,373	$ 293,492	$ 501,848	$ 638,525	$ 673,907	$ 1,006,001
Cost of revenues	97,917	114,308	123,186	110,228	162,870	186,870
Gross profit	138,456	179,184	378,662	528,297	511,037	819,131
Operating expenses	1,317,403	2,263,294	1,877,979	2,249,338	2,428,692	5,033,413
Operating loss	(1,178,947)	(2,084,110)	(1,499,317)	(1,721,041)	(1,917,655)	(4,214,282)
Other income (expense)	(78,896)	(138,922)	6,499	(105,276)	(118,655)	(320,437)
Net loss	(1,257,843)	(2,223,032)	(1,492,818)	(1,826,317)	(2,036,310)	(4,534,719)
Preferred stock						

dividends, accretion of preferred stock to redemption value and value of preferred stock beneficial conversion feature.....	--	(35,000)	(149,981)	(150,457)	(673,796)	(9,108,050)
Net loss applicable to common stockholders....	(1,257,843)	(2,258,032)	(1,642,799)	(1,976,774)	(2,710,106)	(13,642,769)

</TABLE>

Liquidity and Capital Resources

Since our inception on October 8, 1996, we have had significant negative cash flows from our operations. For the period from inception through December 31, 1996, we were in the development stage and used $70,000 of cash for operations. For the years ended December 31, 1997 and 1998, we used $1.9 million and $6.0 million of cash, respectively, in our operating activities. For the six months ended June 30, 1999, we used a total of $4.3 million of cash in our operating activities. Cash used in operating activities in each period resulted primarily from net loss in those periods. For the year ended December 31, 1998, and for the six months ended June 30, 1999, our cash used in operating activities included increases in our trade accounts receivable of $324,000 and $690,000, respectively. This reflects our efforts to expand the membership base by allowing for payment terms up to 90 days and billings for our new license revenues in the second quarter of 1999. Since our inception, we have used cash totaling $2.4 million in our investing activities, which have consisted primarily of expenditures for computer and related equipment, furniture and fixtures, communication equipment and leasehold improvements as well as deposits on various equipment leases. For the period from inception through December 31, 1996, we used $72,000 of cash for investing activities. For the years ended December 31, 1997 and 1998, we used $655,000 and $360,000, respectively, of cash for investing activities. For the six months ended June 30, 1999, we used $1.3 million of cash for investing activities.

Since inception, we have financed our operations primarily from the issuance of common stock, proceeds of notes payable, and the sale of Series A Preferred and Series B Preferred Stock. During the period from inception through December 31, 1997, Charles E. Johnson, Jr., our principal stockholder and Chief Executive Officer, contributed $139,000 in capital and loaned us $2.5 million. In January 1998, we borrowed $2.3 million from various individuals and used $813,000 of the proceeds to repay a portion of the previous borrowings from Mr. Johnson. In April 1998, Mr. Johnson advanced an additional $387,000 to us. In June 1998, we completed our Series A Preferred Stock offering and received net proceeds of $5.0 million. We used a portion of the proceeds from the Series A Preferred Stock offering to repay the $2.3 million notes payable from our January 1998 borrowing and repaid Mr. Johnson $310,000. In connection with the closing of the Series A Preferred Stock offering, Mr. Johnson contributed his remaining notes payable totaling $1.8 million to us as equity. We did not issue any new shares to Mr. Johnson in exchange for this contribution. Between September and November 1998, we obtained financing in the form of notes payable totaling $1.5 million, including $500,000 from Mr. Johnson. In December 1998, Mr. Johnson loaned an additional $250,000 and in March 1999 he loaned another $200,000 to us. In December 1998, we commenced our Series B Preferred Stock offering. Through December 31, 1998, we had received $2.0 million in cash pursuant to subscription agreements for shares of Series B Preferred Stock. In June 1999, we completed the Series B Preferred Stock offering and received aggregate proceeds of $11.6 million. In June 1999, Mr. Johnson was repaid the total amount of his outstanding loans from the proceeds of the Series B Preferred Stock offering. See "Certain Transactions."

As of June 30, 1999, our principal source of liquidity was approximately $3.0 million of cash and cash equivalents. As of June 30, 1999, we had no material commitments for capital expenditures, but we expect such expenditures to be approximately $1.0 million during the remainder of 1999. Such

expenditures will primarily be for computer equipment to expand and enhance our network. We have entered into several non-cancelable lease commitments that will require payments of approximately $2.3 million over the next five years.

We believe that we have sufficient cash and cash equivalents, including the proceeds from this offering, to fund our operating and investing activities for at least the next 18 months. However, we may need to raise additional funds in future periods through public or private financings, or other arrangements. Any additional financings, if needed, might not be available on reasonable terms or at all. Failure to raise capital when needed could harm our business, financial condition and results of operations. If additional funds are raised through the issuance of equity securities, additional dilution could result. In addition, any equity securities issued might have rights, preferences or privileges senior to our common stock.

Year 2000 Readiness

The Year 2000 issue refers generally to the problems that some software may have in determining the correct century for the year. For example, software with date-sensitive functions that is not Year 2000 compliant may not be able to distinguish whether "00" means 1900 or 2000, which may result in failures or the creation of erroneous results.

We have defined Year 2000 compliant as the ability to:

- correctly handle date information needed for the December 31, 1999, to January 1, 2000, date change,
- function according to the product documentation for this date change, without changes in operation resulting from the advent of a new century, assuming correct configuration,
- respond to two-digit date input in a way that resolves the ambiguity as to century in a disclosed, defined, and predetermined manner,
- store and provide output of date information in ways that are unambiguous as to century if the date elements in interfaces and data storage specify the century, and
- recognize Year 2000 as a leap year.

We have designed all of our products to be Year 2000 compliant when configured and used in accordance with related documentation.

We have completed an assessment of most of our material information technology systems, including both our own software products and third-party software and hardware technology. We have tested the flow of data through our electronic commerce platform for regular bids (RFQs), automatic bids, and purchase orders as the date rolled from 12/31/1999, 02/28/2000, 02/29/2000, 12/31/2000, 02/28/2001, 02/28/2004, 12/31/2019, and 09/08/1999 to the next day and found all transactions processed correctly. We have not individually tested each computer that supports the electronic commerce platform for these specific dates. The computer systems that support key customer activities all have the most current operating system and third-party software patches applied. Based on the representations of third-party software providers and the testing performed in house, we believe all information technology systems that support our electronic commerce platform and our customers are Year 2000 compliant. Unknown date-related errors or defects in our products could result in damage to our reputation, increased service costs, or loss of our customers, any of which could materially and adversely harm our business.

The Year 2000 readiness of information technology systems used by our staff to support our internal business enterprises is under review. Our internal technical support personnel have checked many of the desktop systems used by

our staff. Any updates to operating system or application software provided by the various third-party software vendors as part of their Year 2000 compliance efforts are applied on a case by case basis. We will have completed this activity for all of our desktop systems before the end of 1999.

The status of our non-information technology systems is not known. A review of such systems and all required remediation and testing is scheduled to be complete by the end of 1999.

Other than the probability of Year 2000 issues with the telephone system in use at our corporate headquarters in Las Vegas, Nevada, we are not currently aware of any material operational issues or costs associated with preparing our internal information technology and non-information technology systems for the Year 2000. However, we may experience material unanticipated problems and costs caused by undetected errors or defects in the technology used in our internal information technology and non-information technology systems. Also, we are subject to external forces that might generally affect industry and commerce, such as utility or transportation company Year 2000 compliance failure interruptions.

Some commentators have predicted significant litigation regarding Year 2000 compliance issues, and we are aware of these lawsuits against other software vendors. Because of the unprecedented nature of this litigation, it is uncertain whether or to what extent we may be affected by it.

To date we have responded to all requests from our customers for information regarding our Year 2000 compliance. We have appointed a Year 2000 Project Coordinator. Our Year 2000 Project Coordinator has sent letters to our key vendors requesting information about their Year 2000 readiness. To date we have received positive reassurances from half of them and are diligently in pursuit of responses from the rest. This effort will be completed by October 1, 1999.

We do not have any information concerning the Year 2000 compliance status of our customers. Our current or future customers may incur significant expenses to achieve Year 2000 compliance. If our customers are not Year 2000 compliant, they may experience material costs to remedy problems, or they may face litigation costs. If our customers' systems or applications are not Year 2000 compliant, our customers may not be able to use our products or services. In either case, Year 2000 issues could reduce or eliminate the budgets that current or potential customers could have for or delay purchases of our products and services. As a result, our business could be seriously harmed.

We have funded our Year 2000 plan from operating cash flows and have not separately accounted for these costs in the past. We believe these costs have not been material. We could incur additional costs related

to the Year 2000 plan for administrative personnel to manage the project, outside contractor assistance, technical support for our products, product engineering, and customer satisfaction. We expect any additional costs to be funded from operating cash flows and do not expect these additional Year 2000 compliance costs to be material. However, we may experience material problems and costs with Year 2000 compliance that could seriously harm our business.

Our Year 2000 Compliance Plan is in effect; however, there is no guarantee that it addresses all situations that may result if our critical operations prove not to be Year 2000 ready. We will have staff and tools standing by during each century event date should unexpected problems occur. If an adjustment is needed, these experts will make and test the changes and install any software updates on our Web site making the software available for download by our customers. We cannot guarantee that we will be able to make these changes in a timely manner, which could significantly impact our business and the ability of our customers to conduct business.

If, in the future, it comes to our attention that some of our products need

modification, or some of our third-party hardware and software is not Year 2000 compliant, then we will seek to make modifications. In such case, we expect such modifications to be made on a timely basis, and we do not believe that the cost of such modifications will materially harm our operating results. We may not be able to modify our products, services, and systems in a timely and successful manner to comply with the Year 2000 requirements.

There has been no independent verification or validation to assure our Year 2000 readiness other than by our clients. Various customers have been concerned about Year 2000 readiness and have tested our software under different date scenarios. We have received no report of Year 2000 problems as a result of this testing. However, we can make no assurance that this testing was sufficient or adequate.

The worst case scenario for Year 2000 issues would be if we ceased normal operations for an indefinite period of time while we attempted to respond to our own and/or our customers' Year 2000 problems without having full internal operational capabilities. Year 2000 issues affecting our business, if not adequately addressed by us, our third-party vendors, or our customers, could have a number of "worst case" consequences. These include:

- the inability of our customers to use our products and services to procure and manage their operating resources,

- claims from our customers asserting liability, including liability for breach of warranties related to the failure of our products and services to function properly, and any resulting settlements or judgements, and

- our inability to manage our own business.

To date we have experienced one Year 2000 problem. One component of software obtained from a third-party vendor was not compliant. We reported the problem to the third-party vendor, received and applied an update to the software, and have experienced no further problems in this area. We cannot assure you that other such problems will not occur or that we will be able to modify our products, services, and systems in a timely and successful manner to comply with Year 2000 requirements.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. The FASB recently issued SFAS No. 137, which defers the effective date of SFAS No. 133. SFAS No. 133 will be effective for all fiscal quarters of fiscal years beginning after June 15, 2000. We currently do not engage in, nor do we expect to engage in, derivative or hedging activities, and therefore, we do not believe that SFAS No. 133 will have a material impact on our results of operations or financial position.

BUSINESS

PurchasePro.com, Inc.

PurchasePro.com is a leading provider of Internet business-to-business electronic commerce services. Our members can buy and sell a wide range of products and services on our e-marketplaces in an efficient, competitive and cost-effective manner. We have designed our e-marketplaces to meet the needs of small and medium sized businesses and their large business partners.

We began developing our service in 1996 by closely evaluating the purchasing

process of the hospitality industry that is characterized by high volume, frequent purchases of a broad range of goods and services by a large number of geographically distributed buyers. We capitalized on the large-property purchasing expertise of several Las Vegas-based hotels and resorts to develop, test and validate our service. These hotels have provided important marketing references for the expansion of our e-marketplaces. Since launching our public e-marketplace in April 1997, we have continuously upgraded the functionality of our service. Our most recent enhancement enables the creation of private e-marketplace communities for access on an invitation-only basis.

Industry Overview

Growth of Internet Usage and E-Commerce. The Internet and related technologies are revolutionizing the way businesses and consumers communicate, share information and conduct business. As the number of Internet users and the sophistication of Internet-enabled content and development tools have increased, the Internet's functionality has expanded from a medium primarily for publishing information to one that enables more complex business-to-business communications and commerce. At the same time, businesses across many industries are facing increasing competitive pressures to lower costs, decrease inventories and improve sales and marketing productivity. To address these challenges, businesses are increasingly replacing paper-based transactions with Internet e-commerce solutions that provide cost-effective and efficient channels for connecting and transacting with global suppliers, distributors and customers. Forrester Research estimates that the business-to-business e-commerce market will grow from $43 billion in 1998 to $1.3 trillion by 2003, representing a compound annual growth rate of approximately 98%.

Inefficiencies in Corporate Purchasing and Supply. Historically, the purchasing of supplies and services has involved significant manual processes and in many industries has been highly fragmented and decentralized. Decentralized purchasing makes it difficult for businesses to manage employee purchases, control spending, and prevent duplicative or unauthorized orders. Many companies do not have an efficient and easy-to-use means of executing and managing purchases of supplies and services. According to the Center of Advanced Purchasing Studies, corporate purchases of goods and services represent on average 38% of a company's revenues. Cost-effective purchasing is an important contributor to improving a company's profitability. Despite the importance of the purchasing function and the prevalence of information technology systems in many enterprises, purchasing at many companies remains heavily paper-based, labor-intensive, and decentralized. AMR Research estimates that the cost per procurement transaction for non-production supplies and services ranges from $75 to $175. These costs can exceed the cost of the items being purchased. In addition, these time consuming processes often result in fulfillment delays to end-users, leading to productivity losses.

Traditional Electronic Purchasing. A number of companies have attempted to use information technology to reduce the inefficiencies that characterize most corporate purchasing functions. Although existing electronic purchasing methods have helped facilitate e-commerce, we believe that these current methods have limitations that prevent widespread adoption by buyers and sellers:

- Conventional Electronic Data Interchange. Electronic data interchange, or EDI, systems involve a set of uniform formats for commercial documents such as invoices and purchase orders that allow computers to exchange such documents across private networks without human intervention. Forrester Research estimates that of the 2 million U.S. companies with 10 or more employees, only five percent have deployed conventional EDI systems. Barriers to implementation include the high cost of

installation and maintenance as well as significant, on-going transaction fees. Because EDI systems rely on the execution of pre-defined transactions, they generally are not well suited for dynamic procurement environments involving many buyers and suppliers or a wide variety of goods and services.

. Enterprise Purchasing Software Systems. A number of vendors have developed purchasing software systems designed to improve the coordination of the purchasing function across large enterprises. Most of these systems are expensive to license, with up-front licensing fees that can exceed $1 million. Users also typically pay ongoing maintenance fees. Additionally, the complexity of these systems typically requires a lengthy and expensive implementation process.

Furthermore, most EDI and enterprise purchasing software systems do not offer a full spectrum of online procurement functions, such as sourcing from multiple suppliers and placing simultaneous bid requests with multiple suppliers. Due to the expense and complexity of these systems, they are generally unsuitable for all but the largest organizations.

The PurchasePro.com Opportunity. Companies recognize the necessity to establish an electronic platform that can be utilized by both large and small business partners cost effectively, with limited hurdles to rapid implementation and use. The Internet provides a cost-effective medium for businesses, regardless of size, to link directly to their communities of customers, suppliers and other business partners. PurchasePro.com takes advantage of the low costs and community building nature of the Internet to deliver our business-to-business e-commerce solution.

The PurchasePro.com Solution

PurchasePro.com's business-to-business e-commerce solution is comprised of public and private e-marketplaces where businesses can buy and sell a wide range of products and services over the Internet in an efficient and cost-effective manner. With a PurchasePro.com membership, large and small companies can participate in an interactive e-marketplace community of businesses seeking to expand sales and lower costs. We believe our service enables companies and their trading partners to quickly realize the benefits of increased efficiency, faster turnaround and more timely information. Our user-friendly solution is scalable in its application, provides many features and is designed to provide the following benefits:

Lower Operating Costs. By eliminating many costly and time-consuming functions of traditional, paper-based buying and selling, our e-marketplaces may allow companies to reduce operating costs and shorten cycle times in the purchasing and selling processes. Our solution enables members to rapidly prepare bid requests and simultaneously distribute them electronically to multiple parties. Responding bids are automatically aggregated and compiled in line-item comparison reports for easy analysis, enabling purchase orders to be expedited. Moreover, our service operates as a rapidly deployable outsourced solution that does not require companies to install expensive enterprise purchasing software systems and hire costly information technology specialists to maintain and manage these systems.

Lower Prices. We believe many of our members have realized significant reductions in the cost of the goods and services they have purchased as members of our e-marketplaces. Our e-marketplaces support competitive bidding in response to bid requests from buyers. By automating the sourcing process, our solution allows companies to send out bid requests for smaller quantities more efficiently and expand the number of suppliers from which they request bids. Furthermore, buyers can achieve economies of scale by aggregating purchasing among subsidiaries and divisions and benefit from group buying discounts that we plan to negotiate with national suppliers participating in our e-marketplaces.

Improved Management and Control. Our solution allows companies to proactively manage procurement through user-defined approval procedures. Procurement managers, for example, can pre-set the level of access and purchasing authority for each staff member. Utilizing the workflow features of our service, managers can quickly view, analyze and manage employee activities, providing improved control and more informed

purchasing decisions. In addition, our solution automatically generates inquiry and transaction records facilitating improved documentation and auditing. We also maintain records of procurement activity by our members that can be used to verify or validate transactions.

Better Information. Our service provides members with up-to-date pricing, product and supplier profile information on a 24-hour, 7-day a week basis. Our solution allows suppliers to maintain real-time control of pricing and other descriptive information about products and services they offer, helping to ensure that potential buyers obtain accurate information in a customizable format.

Greater Access to Business Partners. We believe that our e-marketplaces enable members to access new customers and suppliers. With our public e-marketplace, members can communicate with and conduct business among a broad array of companies in a highly efficient manner. In addition, we believe that our solution enables many of our members to offer, for the first time, their goods and services for sale over the Internet.

Our Strategies

Our objective is to be the preferred business-to-business e-commerce solution through our public and private e-marketplaces. Key strategies to achieve our objective include:

Expand Our Membership. We intend to expand our membership through the following:

- Build Upon Our Leadership Position Serving the Hospitality Industry. We believe we are the leading provider of business-to-business e-commerce solutions to the hospitality industry and its suppliers. We have grown our e-marketplace membership by focusing on major hospitality buyers with large supplier bases. Through our direct and indirect sales channels and by using our existing relationships, we plan to develop new partnerships within the hospitality industry to further increase our membership base.

- Pursue New Vertical Markets. We are applying our solutions to markets with similar procurement characteristics to the hospitality industry. These markets include:

<TABLE>
<S>
- architecture, engineering and construction
- colleges and universities
- facilities management

<C>
- food services
- healthcare
- janitorial supply distribution
</TABLE>

- Enter New Geographic Markets. We are expanding into new geographic markets by establishing new relationships or leveraging our current relationships with large buyers or suppliers with operations in those locations. These business partners provide us access to their business partners, allowing us to establish a foothold in new major metropolitan areas. In addition, we recently licensed our e-marketplace software to a third party that will market our solution to the hospitality and travel industry in Asia and the South Pacific.

Encourage Users to Rely on Our E-marketplaces. We believe that as members increase their usage of our e-marketplaces, they become more reliant on the PurchasePro.com solution as an important part of their procurement processes. Our service often reduces repetitive clerical tasks associated with the procurement process for both buyers and sellers. Moreover, the benefits of our service are increased when it is integrated with existing enterprise information systems. Active buyers have reported significant cost savings realized from reductions in forms, communication charges and other labor and materials as well as improved pricing arising from the competitive bidding on the e-marketplace.

Develop Multiple Revenue Streams. Substantially all of our current revenues are derived from member subscription fees paid for access to our public e-marketplace. However, we are in the process of developing a number of additional revenue sources including:

- public and private e-marketplace transaction fees;
- advertising revenues including banners, classified ads, and other electronic promotions;

- licensing and recurring maintenance fees from larger corporate accounts that create and sponsor private e-marketplace communities; and
- network hosting fees and administration charges.

Although the costs associated with developing these revenue sources may be substantial and the timing of the development of each revenue source is uncertain, we believe that the revenues from these and other sources will eventually become a larger part of our overall revenue mix.

Provide Value Added Services. We intend to expand the value-added services that we offer to our members. We plan to make available products and services such as reduced rates and fees from long distance telephone carriers, cellular service providers and worker's compensation insurers. In addition, we intend to offer discounts on office products and other business consumables through our sales and marketing partners. We intend to make these discounts available to all members so that even smaller companies can realize cost savings associated with participating in a large buying group.

Pursue Strategic Sales and Marketing Relationships. We intend to continue to pursue strategic sales and marketing relationships to expand our membership, extend our marketing reach, provide value-added merchandise or services and further develop our e-marketplaces in a rapid and cost-effective manner. Our current sales and marketing partners include Office Depot, VerticalNet and ZoomTown.com, a subsidiary of Cincinnati Bell, Inc.

Strengthen the PurchasePro.com Brand. We plan to expand and enhance our marketing initiatives to increase our brand awareness and identity. These initiatives will include traditional and Internet based advertising targeted at selected audiences, interviews and articles in business media and trade publications and direct sales and telemarketing. We also engage in joint-marketing and sales efforts with our business partners.

Our Services

Our e-marketplaces are designed to streamline the procurement cycle for our members--from sourcing to bidding to order to payment. Our e-marketplaces enable each member to participate as both a buyer and a seller. When acting as buyers, our members can realize a reduction in processing costs, achieve improved pricing, enforce corporate purchasing policies and maintain an audit trail for evaluating purchasing programs. When acting as suppliers, our members can strengthen relationships with existing customers, reach new buyers and lower sales, marketing and administrative costs. Our e-marketplaces are online business-to-business e-commerce communities. With the recent enhancements to our e-marketplace software, members can create private e-marketplaces.

Basic Membership Services

Online Buying and Selling. Our e-marketplace solution enables our members to interact as buyers and suppliers, streamlining their purchase and sale process over the Internet. Members using the e-marketplace's competitive bidding function send a request for a bid (including requests for line item price quotes) to suppliers who respond electronically with pricing and availability information. The request for bids can be "sealed" electronically so that the buyer cannot view the responses until a specified date and time. Through our

competitive bidding function, we believe that buyers can achieve cost savings on the prices of products purchased.

Our e-marketplaces provide members with a marketing tool that enables them to sell to all the other members of our e-marketplaces. Small suppliers can compete on a more equal footing with larger suppliers. As a result, we believe our e-marketplace is an effective tool for suppliers to achieve deeper marketing and sales penetration in their primary markets and to enter new geographic markets on a cost-effective basis.

Access to a Broad Electronic Database of Potential Business Partners. Our e-marketplaces allow members to query and shop from the offerings of our members. This provides users with the opportunity to purchase from their existing suppliers as well as develop new supplier relationships.

Real-Time Information. Our e-marketplaces provide for the real-time updating of database information. After suppliers have responded with bids, buyers can analyze the responses through line item comparison reports with the opportunity to select one supplier's bid or to select specific items from selected suppliers. Since the information provided by the suppliers can be analyzed quickly, response time on bids can be significantly reduced. After a bid is accepted, our e-marketplaces allow buyers to create and send electronic purchase orders, and to finalize the payment and delivery instructions to complete the purchase. In addition, suppliers can create online catalogs that provide real-time dissemination of accurate information in a more cost efficient manner than with printed materials.

Reporting Services. E-marketplace members can review their bids and purchase orders through keyword, date, supplier or purchase order number searches. Members can generate comprehensive reports on their activity based on their search results. Further line-by-line detail can be obtained for each bid or purchase order by using the analytical tools available on our e-marketplaces. For example, the Quick Check Report compares the responses of every line item for each of the suppliers, calculating the price per unit and indicating which supplier has the lowest price per item for that particular item. The report also provides the necessary information for purchasing agents to make future decisions based on price, service or possible long-term contracts. The information can be exported via ASCII, EDI, ODBC-compliant files, or Excel worksheets, so that members can transfer the information to their enterprise resource planning and accounting systems for further reporting and data archiving.

Procurement Controls. Members can restrict employee access to the various levels of our e-marketplaces. A client password file is checked at each member login and whenever members access the database. Members can monitor employee requests for proposals and purchase orders. Members can also select options that limit employee access to selected suppliers, specific items, quantities and service features. Through such protocols, control over corporate purchasing is significantly enhanced without the installation of expensive enterprise purchasing software systems.

Community. We continue to expand our services to help foster interaction among e-marketplace members. Our members currently have access to e-mail accounts, and we plan to introduce additional features such as industry trade news, discussion forums, chat rooms and bulletin boards, all of which foster active community participation among our members. We expect to continue to add features, content and services that enhance the benefits of membership in the PurchasePro.com community.

Purchasing Discounts for Members. We intend to negotiate group discounts with national suppliers for our e-marketplace members. In return for our providing electronic access to our large membership base, we expect these suppliers to provide discounts to our members irrespective of size. As such, we plan to expand our value proposition to our community, particularly to those smaller companies that do not normally benefit from the pricing economies of

their larger competitors.

Other Membership Services

Private E-marketplaces. With the recent enhancements to our e-marketplace software, members can create private e-marketplaces. Private e-marketplaces allow buyers or suppliers to sponsor a community of selected business partners on an invitation-only basis. In these communities, the sponsoring company invites selected trading partners to participate in customized programs such as special pricing arrangements and product offerings. We are developing private e-marketplaces for Best Western International, Building One Services, Marriott International and Prime Hospitality.

E-marketplace Catalogs. We create customized electronic catalogs for our members that enable buyers to browse through a supplier's product and service offerings and "drag and drop" their desired selections directly into a purchase order. We also offer a catalog maintenance service.

Web Site Development, Hosting and Maintenance. We construct Web sites for our members on a trial basis. After the initial trial period, members are charged a monthly hosting fee. These sites enable members to

provide additional information on their products and services to other members. We also market to our members upgrades to these Web sites, which have resulted in additional fees.

Banner Advertisements. We offer banner advertisements on our e-marketplace as a direct marketing tool for our members. When a buyer sources products, a banner advertisement appears promoting a related product offered by a particular supplier.

Classified Advertising. Our classified advertising section provides real-time advertising directly from members. All advertisements can be accessed by keyword searches and can be posted and terminated in real-time.

Group Buying Services

In addition to our public and private e-marketplaces, we offer group buying services to the hospitality industry through our Hospitality Purchasing Systems subsidiary. This subsidiary consolidates the buying power of the properties that it represents to obtain volume discounts that might otherwise only be available to larger buyers. We receive fees from buyers and rebates from suppliers. We are marketing our PurchasePro.com solution to participants of this buying group.

Our Revenue Sources

To date, our primary source of revenues has been subscription fees paid by our members. In order to build our e-marketplace membership, we have provided free access to our public e-marketplace and technical support to large corporate members. In return we have gained access to and assistance in recruiting their small and medium sized business partners as members of our e-marketplace.

We plan to expand our revenue sources over time to include the following:

Transaction Fees. We intend to charge transaction fees on purchases consummated by our members with our strategic partners and value added merchandise and service providers. In addition, in certain of our private e-marketplaces we intend to derive revenues from transaction fees levied on sales within the community.

Licensing, Maintenance and Network Hosting Fees. We charge a one-time licensing fee and annual maintenance fees for private e-marketplaces in place of or in certain cases in addition to transaction fees. We also charge

recurring fees for hosting the network upon which these private e-marketplaces are deployed.

Other Revenue Sources. Other revenue sources include advertising and Web site development, hosting and maintenance. As our membership grows, we intend to charge for banner and classified advertisements that we presently offer as a free service. We also construct Web sites for our members and charge monthly hosting and maintenance fees after an initial trial period.

Strategic Relationships

A key element of our strategy is to expand our sales, marketing and distribution channels through strategic relationships with entities that are commercial partners, and in some cases, equity investors. We have established, and will continue to pursue, these strategic relationships in order to grow revenues, to provide indirect sales and marketing of our e-marketplaces, and to enhance our e-marketplace services. The following are examples of our strategic relationships:

Office Depot. In July 1999, we entered into an agreement with Office Depot, Inc., a national office supplies retailer. Office Depot has designated us as a preferred e-commerce solutions provider to Office Depot and we have designated Office Depot as the exclusive preferred provider of office supplies and products for our e-marketplaces. Under the agreement, we will create a private e-marketplace for Office Depot. We have agreed with Office Depot to engage in joint promotional activites and provide links to each other's Web sites. We will share fees from transactions originated from Office Depot Internet sites and marketing activities. We also

issued to Office Depot a warrant to purchase 500,000 shares of our common stock that can be exercised over the next four years at a price per share equal to the initial public offering price in this offering.

VerticalNet. In July 1999, we entered into an agreement with VerticalNet, Inc., an owner and operator of online business-to-business vertical communities. Under the agreement, we will assist VerticalNet in launching and promoting hospitality and food service vertical communities. We will provide e-commerce solutions to VerticalNet and its users will have access to our public e-marketplace. We will engage in joint promotional activites and provide links to each other's Web sites. We will share transaction fees.

ZoomTown.com. In May 1999, we entered into an agreement with ZoomTown.com, a subsidiary of Cincinnati Bell, Inc. We have granted to ZoomTown.com, as our agent and representative, the exclusive right to market and offer access to our e-marketplaces in Ohio, a co-exclusive right in Kentucky, and a nonexclusive right in other domestic markets until April 2001. Under the agreement ZoomTown.com may co-brand our e-marketplaces. In addition, ZoomTown.com can extend its exclusive rights to market and offer access to our e-marketplaces under a ZoomTown.com co-brand to include the states neighboring Ohio and Kentucky. ZoomTown.com receives sales commissions for members it adds to the co-branded e-marketplaces.

Greater Phoenix Chamber of Commerce. In January 1999, we entered into a revenue sharing and joint marketing agreement with the Greater Phoenix Chamber of Commerce, a 3,600 member regional chamber of commerce that promotes business and civic causes within Maricopa County, Arizona. Under the agreement the chamber became our exclusive distributor of our e-marketplace services in this territory under the Phoenix Marketplace brand. Through this alliance, PurchasePro holds regular seminars at the chamber's facilities and the chamber actively solicits businesses in the greater Phoenix area to participate in the e-marketplace. The agreement terminates in January 2001.

Hospitalitycity pte ltd. In June 1999, we entered into an agreement with Hospitalitycity pte ltd, a Singapore company that is an e-commerce solution

provider to the hospitality and travel industries in Southeast Asia and the South Pacific. Under this agreement, we have granted to Hospitalitycity an exclusive license to our proprietary technology to create e-marketplaces in Australia, China, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand until June 2002. Pursuant to the license, Hospitalitycity may market our e-commerce solution and provide support services to persons or entities engaged in the hospitality and travel sectors as an independent party authorized by PurchasePro.com. In return, we receive a percentage of all gross revenue received by Hospitalitycity and its affiliates in connection with this arrangement.

National Association of Women Business Owners. In April 1999, we entered into a two year alliance agreement with the National Association of Women Business Owners, a national organization dedicated to the promotion of women's businesses and commercial activities. Under this agreement, the association will promote PurchasePro.com to its members, and PurchasePro.com will provide special pricing and services to association members and access to our e-marketplace through which other organizations can contact and do business with women-owned businesses.

American Association of Franchisees and Dealers. In June 1999, we entered into an agreement with the American Association of Franchisees and Dealers, a California nonprofit trade association representing the rights and interests of franchisees and independent dealers throughout the United States. We agreed to jointly host and manage a private e-marketplace for Association members. Under the agreement, we are the exclusive e-commerce provider for the Association.

Our E-marketplace Members

The following is a representative list of our major e-marketplace members:

<TABLE>
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National Accounts	Nevada	Florida
<S>	<C>	<C>
American Association of Franchise and Dealers	Marnell Corrao Construction	The Breakers Hotel
American Hotel Register	MGM Grand	Carnival Cruise Lines
Best Western International	Mission Industries	Loews Hotels
Building One Services	Nevada Power Company	Registry Resort
Caesars Palace	Rio Hotel and Casino	Seaway Hotel Corporation
Mandalay Resort Group	State of Nevada	
Marriott International		
MeriStar Management Company		
Mirage Resorts		
Park Place Entertainment		
Prime Hospitality		
Richfield Hospitality		
Tropicana Casino and Resort		

<CAPTION>

Lexington/Louisville, Kentucky and Cincinnati, Ohio	Arizona	
<S>	<C>	<C>
Amtek Electrical	America West Arena	
Ball Homes	Arizona Diamondbacks	
Clay Ingels Company	Embassy Suites Scottsdale	
Central Baptist Hospital	Bank One Ballpark	
Fidelity National Credit Services	ILX Resorts	
Host Communications, Inc.	Greater Phoenix Chamber of Commerce	
Lodestar Energy	Phoenix Suns	
Montgomery Inn	Scottsdale Princess	
St. Joseph Hospital		
University of Louisville Hospital		

</TABLE>

These relationships provide us with access to and assistance in recruiting a large number of small to medium sized companies for our e-marketplaces.

Sales and Marketing

Sales Strategy

We sell through direct and indirect channels. Our direct sales group targets buyers, suppliers and their respective business partners. As of June 30, 1999 we had 75 people in our sales and marketing group, and we plan to significantly expand this group over the next 12 months. Sales offices in the United States currently include Las Vegas, Nevada and Phoenix, Arizona. We also have sales representatives located in Washington, D.C., Orlando, Florida and Atlantic City, New Jersey.

The sales forces of our sales and marketing partners offer our services to their business partners. For example, we have entered into an agreement with ZoomTown.com, a subsidiary of Cincinnati Bell, Inc., to co-brand our e-marketplace. Under this agreement, ZoomTown.com receives sales commissions on revenues from members added to the e-marketplace through their efforts. To gain market presence and exposure to potential new members, we plan to team with large buyers and suppliers that have strong industry backgrounds and market presence in their respective markets and geographic regions.

Marketing Strategy

Our marketing strategy focuses on increasing our brand awareness and identity. We intend to continue to market ourselves through traditional and on-line business media and trade publications. Co-branded relationships, such as our ZoomTown.com partnership, and cooperative direct mail initiatives support our direct marketing efforts. We participate in events, conferences and trade shows to promote our business-to-business brand presence.

Member Service and Support

We provide member service support on a 24-hour per day, 7-day per week basis. Our customer support department is responsible for day-to-day contact with members and responds to questions from members through e-mail and a 24-hour toll-free number. This department is responsible for retaining and increasing use by existing members and is an important aspect of member satisfaction.

Technology and Operations

PurchasePro.com's proprietary e-marketplace technology serves as the enabling platform for all of our solutions. This community-oriented, trading network technology resides centrally on our servers located at our headquarters. Members access our service using either a standard Web browser or our proprietary client software. We have designed our technology and operations with the following key characteristics, many of which are based on our centralized architecture:

Scalability. Our architecture is scalable, enabling us to accommodate membership growth. This scalability permits us to quickly add our members' business partners to our e-marketplaces without those members incurring infrastructure costs.

Accuracy. We have designed our system to enable each member to maintain their information on our databases so that other users can access the most current data. In addition, by using custom interfaces to our client software, members can automate the process of maintaining their data.

High-speed. Communications between members using our client software and our servers are increased up to four times faster than standard data transfer rates utilizing our proprietary data structure and communication technologies. Because our communications technology utilizes industry-standard compression techniques and HTTP protocols, it permits high-speed data communication across firewalls and proxy servers.

Reliability. We currently maintain four T1 Internet connections. The client connections are load balanced over our application servers. Database servers are configured to be fault-tolerant and their hard drives can be swapped while the system is operating. These databases are replicated on additional back-up servers for quick access. Uninterruptible power supplies support all production servers.

Compatibility. Our software makes significant use of standard software programming languages, interfaces and protocols, including Visual Basic, C++, HTTP and Transact-SQL. The use of ODBC (Open Database Connectivity) compliant databases and plug-in technologies allows integration with enterprise accounting and management systems such as Stratton-Warren and Oracle systems. Data transfer protocols such as EDI, OBI and XML are also supported.

Security. Multiple layers of security, including secure socket layer technology from Verisign, protect the service network and data. Our network uses up to 128-bit standard encryption technology, along with rigorously monitored firewalls and other restrictions and physical or electronic separations to prevent harm to the service. Servers add, update, and retrieve data through procedures designed to prevent improper access to data. Additionally, our staff has restricted access to our e-marketplace data and network. All servers are equipped with virus detection and removal software, including an enhanced version on our mail server.

Recovery. In addition to the redundant database servers, all member data is backed-up to tape every thirty minutes and removed from the premises on a daily basis for off-site storage.

Intellectual Property

We rely on a combination of trademark and copyright law, trade secret protection and confidentiality and/or license agreements with our employees, customers and business partners to protect our proprietary rights in products, services, know-how and information. We have one patent pending in the United States and we may seek additional patents in the future. We do not know if our patent application or any future patent application will be issued with the scope of the claims we seek, if at all, or whether any patents we receive will be challenged or invalidated. Our means of protecting our proprietary rights in the United States or abroad may not be adequate and competitors may independently develop similar technology. We cannot be certain that our services do not infringe patents or other intellectual property rights that may relate to our services. Like other technology and internet based businesses, we face the risk that we will be unable to protect our intellectual property and other proprietary rights, and the risk that we will be found to have infringed the proprietary rights of others.

Competition

The e-commerce market is new, rapidly evolving and intensely competitive, and we expect competition to intensify in the future. Barriers to entry are minimal, and competitors may develop and offer similar services in the future. Although we believe that there may be opportunities for several providers of products and services similar to ours, a single provider may dominate the market. We expect that additional companies will offer competing e-commerce solutions in the future.

We have encountered and expect to encounter competition from other e-

commerce solutions providers including:

- companies such as Microsoft Corporation, America Online and its Netscape subsidiary, and Yahoo! that offer a broad array of Internet-related services and either offer business-to-business e-commerce services presently or have announced plans to introduce such services in the future;

- enterprise software purchasing system providers such as Ariba, Commerce One and TRADE'ex;

- electronic data interchange providers such as GE Information Services, Harbinger Corp., IBM and Sterling Commerce;

- enterprise resource planning software developers such as PeopleSoft, Oracle and SAP;

- e-commerce trade communities; and

- e-commerce Web sites of business retailers.

Virtually all of our current and potential competitors have longer operating histories, larger customer bases and greater brand recognition in business and Internet markets and significantly greater financial, marketing, technical and other resources than PurchasePro.com. In addition, other e-commerce service providers may be acquired by, receive investments from or enter into other commercial or strategic relationships with larger, well established and well-financed companies as use of Internet and other online services increases. Therefore, certain of our competitors may be able to devote significantly greater resources to marketing and promotional campaigns, may adopt more aggressive pricing policies or may try to attract users by offering services for free and devote substantially more resources to product development than PurchasePro.com. Increased competition may result in reduced operating margins, loss of market share and diminished value in our brand, any of which could materially and adversely affect our business, financial condition and results of operations. New technologies and the expansion of existing technologies may increase the competitive pressures on us by enabling our competitors to offer a similar but lower-cost service. We cannot assure you that we will be able to compete successfully against current and future competitors. Further, as a strategic response to changes in the competitive environment or otherwise, we may, from time to time, make certain pricing, service or marketing decisions or acquisitions that could materially and adversely affect our business, financial condition and results of operations. New technologies and the expansion of existing technologies may increase the competitive pressures on us by enabling our competitors to offer a similar but lower-cost service.

Although we have established several strategic relationships, there can be no assurance that these arrangements will be renewed on commercially reasonable terms or that they will otherwise continue to result in increased users of the PurchasePro.com service. In addition, companies that control access to ISP services used to connect to our network could promote our competitors or charge our clients substantial fees for Internet access.

Government Regulation

We are subject to various laws and regulations relating to our business. Few laws or regulations are currently directly applicable to access to the Internet. However, because of the Internet's popularity and increasing use, new laws and regulations may be adopted. Such laws and regulations may cover issues such as:

- user privacy;

- pricing;

. tax;

. content;

. copyrights;

. distribution; and

. characteristics and quality of products and services.

In addition, the growth of the Internet and e-commerce, coupled with publicity regarding Internet fraud, may lead to the enactment of more stringent consumer protection laws. These laws may impose additional burdens on our business. The enactment of any additional laws or regulations may impede the growth of the Internet, which could decrease our potential revenues from electronic commerce or otherwise adversely affect our business, financial condition and operating results.

Laws and regulations directly applicable to e-commerce or Internet communications are becoming more prevalent. The most recent session of Congress enacted Internet laws regarding online copyright infringement. Although not yet enacted, Congress is considering laws regarding Internet taxation. The European Union recently enacted new privacy regulations. These are all recent enactments, and there is uncertainty regarding their marketplace impact. In addition, various jurisdictions already have enacted laws that are not specifically directed to e-commerce but that could affect our business. The applicability of many of these laws to the Internet is uncertain and could expose us to substantial liability.

Any new legislation or regulation regarding the Internet, or the application of existing laws and regulations to the Internet, could materially adversely affect us. If we were alleged to violate federal, state or foreign, civil or criminal law, even if we could successfully defend such claims, it could materially adversely affect us.

We believe that our use of third party material on our e-marketplace communities is permitted under current provisions of copyright law. However, because legal rights of certain aspects of Internet content and commerce are not clearly settled, our ability to rely upon exemptions or defenses under copyright law is uncertain.

Several telecommunications carriers are seeking to have telecommunications over the Internet regulated by the Federal Communications Commission in the same manner as other telecommunications services. Additionally, local telephone carriers have petitioned the Federal Communications Commission to regulate Internet providers and online service providers in a manner similar to long distance telephone carriers and to impose access fees on such providers. If either of these petitions is granted, the costs of communicating on the Internet could increase substantially. This, in turn, could slow the growth of use of the Internet. Any such legislation or regulation could materially adversely affect our business, financial condition and operating results.

Employees

As of June 30, 1999, we had 167 full time employees. Of these, 41 were in programming and technical support, 75 in sales and marketing, 17 in customer support and operations and 34 in finance and administration. None of our employees is represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Facilities

Our corporate headquarters are located at 3291 North Buffalo Drive, Suite 2, Las Vegas, Nevada where we lease approximately 15,980 square feet of office

space for a monthly fee of $29,297 under a lease that expires July 31, 2003. This facility houses significantly all of our operations, including the executive staff, marketplace operations, customer support and programming and development. We also maintain sales and office sites in Phoenix, Arizona for a fee of $2,620 per month on a month-to-month basis.

Legal Proceedings

We are not a party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The executive officers and directors of PurchasePro.com and their ages as of June 30, 1999 are as follows:

Name	Age	Position
Charles E. Johnson, Jr.	38	Chairman and Chief Executive Officer
Christopher P. Carton	40	President, Chief Operating Officer, Secretary and Director
Richard C. St. Peter	51	Senior Vice President, Chief Financial Officer and Treasurer
Michael L. Ford	41	Chief Technical Officer
Jeffrey A. Neppl	37	Vice President--Sales
Robert G. Layne	33	Vice President--Strategic Development
Scott H. Miller	40	Vice President--Finance, Chief Accounting Officer
Patrick O. Rogers	41	Vice President--Marketing
John G. Chiles(1)(2)	47	Director
David I. Fuente(2)	53	Director
J. Terrence Lanni(1)(2)	56	Director
Michael D. O'Brien(1)	43	Director
Bradley D. Redmon	36	Director

(1) Member of Audit Committee
(2) Member of Compensation Committee

Charles E. Johnson, Jr. Mr. Johnson has served as Chairman and Chief Executive Officer of PurchasePro.com since its inception in 1996. In 1996, Mr. Johnson founded and is the chief executive officer of Cart-it & Cabinetry LLC, a company that manufactures casino carts and cabinetry. Mr. Johnson also currently owns several video stores in Cincinnati, Ohio. From 1984 to August 1996, Mr. Johnson was the owner and President of Johnson Safety and Security, a family owned security business located in Lexington, Kentucky.

Christopher P. Carton. Mr. Carton joined PurchasePro.com as President, Chief Operating Officer and Secretary in November 1996 and was elected to the board of directors of PurchasePro.com in April 1999. Prior to joining PurchasePro.com, Mr. Carton was Chief Operating Officer of Wilmington County Country Club in Wilmington, Delaware from August 1995 to January 1996. From 1987 to August 1995, Mr. Carton was Chief Operating Officer of the Idle Hour Country Club in Lexington, Kentucky. In addition, Mr. Carton has held the position of Chief Operating Officer at both West Lake Country Club and Augusta Country Club in Augusta, Georgia.

Richard C. St. Peter. Mr. St. Peter joined PurchasePro.com in July 1999 as Senior Vice President, Chief Financial Officer and Treasurer. Since November 1998, Mr. St. Peter has served as a consultant to Petco Animal Supplies Inc., a retailer of pet supplies. From September 1990 to October 1998, Mr. St. Peter was the Executive Vice President, Administration and Chief Financial Officer of

Petco. From 1986 to 1990, Mr. St. Peter was Vice President and Chief Financial Officer at Stor, a furniture retailer. From 1982 to 1986, Mr. St. Peter held various positions at W.R. Grace's Home Centers West, including Vice President and Chief Financial Officer.

Michael L. Ford. Mr. Ford joined PurchasePro.com as Chief Technology Officer in July 1999. Prior to joining PurchasePro.com, Mr. Ford was the Chief Information Officer of Best Western International from August 1995 through May 1999 where he was responsible for coordinating Best Western's technical businesses initiatives. From 1988 through December 1995, Mr. Ford was a corporate director of Holding Inn WorldWide.

Jeffery A. Neppl. Mr. Neppl has served as Vice President--Sales since April 1999. Prior to joining PurchasePro.com, Mr. Neppl served as Managing Director of Field Sales and Marketing for Coca-Cola USA from August 1998 to April 1999. From July 1996 to August 1998, Mr. Neppl was Vice President of Sales for

the Campbell's Soup Company. From 1983 through June 1996, Mr. Neppl was employed by Procter & Gamble where he held a number of positions including National Accounts Managers and Customer Business Development Manager.

Robert G. Layne. Mr. Layne has served as Vice President--Strategic Development of PurchasePro.com since April 1999. From December 1996 to April 1999, Mr. Layne was PurchasePro.com's National Sales Director. From 1988 to December 1996, Mr. Layne was a Regional Sales Manager with Fisher Scientific, a manufacturer of laboratory supplies, and its predecessor, Curtin Matheson Scientific.

Scott H. Miller. Mr. Miller has served as Vice President--Finance, Chief Accounting Officer of PurchasePro.com since July 1999. From April 1999 through June 1999, Mr. Miller served as our Chief Financial Officer. From October 1998 through April 1999, Mr. Miller served as our Controller. From September 1997 through September 1998, Mr. Miller was the Chief Financial Officer of Max Riggs Construction Company in Las Vegas, Nevada. From 1984 to September 1997, Mr. Miller held various management positions at Arthur Andersen LLP in Denver and Las Vegas, most recently as senior manager.

Patrick O. Rogers. Mr. Rogers joined PurchasePro.com in May 1999 as Vice President--Marketing. Since September 1998, Mr. Rogers has been the Chief Executive Officer of R&M Companies, LLC, a marketing consulting firm in Las Vegas. From July 1998 to May 1999, Mr. Rogers was the Vice President of Eastern European Marketing for Mirage Resorts, Inc. From 1987 to May 1997, Mr. Rogers served in various capacities with Players International, including Vice President and General Manager of Players Island Resort located near Las Vegas.

John G. Chiles. Mr. Chiles has served as a member of the board of directors of PurchasePro.com since June 1998. Mr. Chiles has served as a Managing Director in Corporate Finance Department at Jefferies & Company, Inc. since 1993. He is the manager of the firm's Business, Information & Internet Services Group. For the fifteen years prior to joining Jefferies & Company, Mr. Chiles held various positions at Dean Witter Reynolds, including Managing Director and Co-Manager of its Consumer Businesses Group.

David I. Fuente. Mr. Fuente has served as a member of the board of directors of PurchasePro.com since June 1999. Mr. Fuente has been the Chairman of the Board and Chief Executive Officer of Office Depot, Inc. since December 1987. Mr. Fuente is also a director of Vista Eye Care, Inc. and Ryder System, Inc.

J. Terrence Lanni. Mr. Lanni has served as a member of the board of directors of PurchasePro.com since June 1999. Mr. Lanni has been the Chairman of MGM Grand, Inc. since July 1995, and Chief Executive Officer of MGM Grand, Inc. since June 1995. He also served as President of MGM Grand, Inc. from June 1995 to July 1995. Prior thereto, he was President and Chief Operating Officer of Caesars World, Inc. from April 1981 to February 1995.

Michael D. O'Brien. Mr. O'Brien has served as a member of the board of directors of PurchasePro.com since June 1999. Mr. O'Brien has served as the President of ZoomTown.com, a subsidiary of Cincinnati Bell, Inc. since January 1998. From January 1992 through December 1997, Mr. O'Brien served as President of Europe Chiquita Brands, Inc.

Bradley D. Redmon. Mr. Redmon has served as a member of the board of directors of PurchasePro.com since August 1998. Mr. Redmon is the Chairman of E-MarketPro, LLC, an e-commerce service company Mr. Redmon founded in 1999. Since March 1996, Mr. Redmon has owned and operated three Pretzelmaker franchises, and since January 1992, Mr. Redmon has owned and operated several Blockbuster Video franchises. Mr. Redmon is a cousin of Mr. Johnson.

Mr. St. Peter, Petco and some of its other officers have been named as defendants in class action lawsuits filed in 1998. The complaints allege the defendants violated various federal securities laws and seek unspecified monetary damages. The lawsuits are in the discovery stage. Petco and Mr. St. Peter have stated they believe the allegations contained in these lawsuits are without merit and intend to defend themselves vigorously.

Staggered Board of Directors

Our articles of incorporation and bylaws provide that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible. Mr. Fuente and Mr. Lanni will serve as Class I directors, whose terms expire at the 2000 annual meeting of stockholders. Mr. Chiles and Mr. O'Brien will serve as Class II directors, whose terms expire at the 2001 annual stockholders meeting. Mr. Johnson, Mr. Carton and Mr. Redmon will serve as Class III directors, whose terms expire at the 2002 annual meeting of the stockholders.

Board Committees

We have established an Audit Committee and a Compensation Committee. The Audit Committee reviews the internal accounting procedures of PurchasePro.com and consults with and reviews the services provided by our independent auditors. The Compensation Committee reviews and determines the compensation and benefits of all officers of PurchasePro.com and establishes and reviews general policies relating to the compensation and benefits of employees of PurchasePro.com and administers our Stock Option Plans.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is responsible for determining salaries, incentives and other forms of compensation for our directors, officers and other employees and administering various incentive compensation and benefit plans. We did not have a Compensation Committee during 1998. Our board of directors was responsible for these matters for that year. The Compensation Committee consists of Mr. Chiles, Mr. Fuente and Mr. Lanni. Charles E. Johnson, Jr., Chairman and Chief Executive Officer, participates in all discussions and decisions regarding salaries and incentive compensation for all employees and consultants of PurchasePro.com, except that he is excluded from discussions regarding his own salary and incentive compensation. No member of the Compensation Committee has at any time been an officer or employee of PurchasePro.com or its subsidiary. The Compensation Committee members, however, own capital stock of PurchasePro.com and have interests in certain transactions of PurchasePro.com as described in the "Certain Transactions--Transactions with Management and Others" section of this prospectus. No interlocking relationship exists between any member of our Compensation Committee and any member of any other company's board of directors or compensation committee. No interlocking relationship existed between any member of our board of directors and any member of any other company's board of directors or compensation committee in 1998.

Director Compensation

We reimburse each member of our board of directors for out-of-pocket expenses incurred in connection with attending board meetings. Each non-employee member of our board currently receives $10,000 cash compensation per year for their service as a member of the board of directors. Under our 1999 Stock Plan, non-employee directors also receive options to purchase 10,000 shares of common stock annually and are eligible to receive additional stock option grants at the discretion of the Compensation Committee. See "--Stock Option Plans."

Executive Compensation

The following table summarizes all compensation earned by or paid to PurchasePro.com's Chief Executive Officer and to each of PurchasePro.com's four most highly compensated executive officers other than the Chief Executive Officer whose total annual salary and bonus exceeded $100,000 (collectively, the "Named Executive Officers"), for services rendered in all capacities to PurchasePro.com during the fiscal year ended December 31, 1998.

Summary Compensation Table for Last Fiscal Year

<TABLE>
<CAPTION>

	Annual Compensation(1)		Long-Term Compensation Awards
Name and Principal Position	Salary	Bonus	Securities Underlying Options (#)
<S>	<C>	<C>	<C>
Charles E. Johnson, Jr.(2)..... Chairman and Chief Executive Officer	$ 236,461	$ --	--
Christopher P. Carton(3)..... President, Chief Operating Officer and Secretary	$ 141,877	--	--
Jeffrey A. Neppl(4)..... Vice President--Sales	$ --	--	--
Robert G. Layne(5) ..... Vice President--Strategic Development	$ 72,850	--	--

</TABLE>

(1) Other than the salary described herein, PurchasePro.com did not pay any executive officer named in the Summary Compensation Table any fringe benefits, perquisites or other compensation in excess of 10% of such executive officer's salary and bonus during fiscal 1998.

(2) In July 1999, we entered into a new employment agreement with Mr. Johnson that provides for an annual salary of $240,000 as of May 1999. In May 1999, Mr. Johnson was granted options to acquire 325,000 shares of common stock at $3.50 per share. The Compensation Committee have accelerated the vesting of these options to vest in full upon completion of this offering.

(3) In July 1999, we entered into a new employment agreement with Mr. Carton that provides for an annual salary of $200,000 as of May 1999. In May 1999, Mr. Carton was granted options to acquire 200,000 shares of common stock at $3.50 per share. The Compensation Committee have accelerated the vesting of these options to vest in full upon completion of this offering.

(4) Mr. Neppl joined PurchasePro.com in April 1999 and entered into an employment agreement that provided for an initial annual salary of $135,000. Mr. Neppl's annual salary increased to $175,000 in July 1999. In April 1999, Mr. Neppl was granted options to acquire 190,870 shares of common stock at $3.50 per share, of which 25,000 vested upon grant.

(5) In April 1999, Mr. Layne, an employee of the Company, was appointed Vice President--Strategic Development. In July 1999, we entered into an employment agreement with Mr. Layne that provides for an annual salary of $120,000 and options to purchase 75,000 shares of common stock as of May 1999. In January 1998, Mr. Johnson granted to Mr. Layne options to purchase 125,000 shares of Mr. Johnson's common stock at $0.50 per share.

Option Grants in Last Fiscal Year

The following table sets forth information regarding options granted to our executive officers listed in the Summary Compensation Table during the fiscal year ended December 31, 1998.

<TABLE>
<CAPTION>

Name	Number of Securities Underlying Options Granted	Percentage of Total Options Granted to Employees in Fiscal Year(1)	Exercise or Base Price ($/Share)(2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
					5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Robert G. Layne.....	125,000(4)	13.4%	$0.50	Jan. 2008	$101,806	$162,109
	25,000(5)	2.7	2.50	Aug. 2003	79,768	100,657

</TABLE>

(1) Based on options to purchase an aggregate of 705,850 shares of common stock granted during fiscal 1998 and options granted by Mr. Johnson to two employees to acquire 225,000 of his shares. Under the terms of PurchasePro.com's 1998 Stock Option and Incentive Plan and 1999 Stock Plan, the committee designated by the board of directors to administer each stock option plan retains the discretion, subject to certain limitations within each plan, to modify, extend or renew outstanding options and to reprice outstanding options. Options may be repriced by canceling outstanding options and reissuing new options with an exercise price equal to the fair market value on the date of reissue, which may be lower than the original exercise price of such cancelled options. See "Stock Option Plans."

(2) The exercise price on the date of grant was equal to 100% of the fair market value on the date of grant as determined by the board of directors.

(3) The 5% and 10% assumed rates of appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent PurchasePro.com's estimate or projection of the future common stock price. There can be no assurance that any of the values reflected in the table will be achieved.

(4) In January 1998, Mr. Johnson granted to Mr. Layne options to purchase 125,000 shares of Mr. Johnson's common stock at an exercise price of $0.50. These options vested upon grant.

(5) These options originally became exercisable at a rate of 50% per year commencing on the first anniversary of the date of grant. Pursuant to the employment agreement entered into with Mr. Layne in July 1999, these options became fully vested in July 1999.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

<TABLE>
<CAPTION>

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End(1) Exercisable/Unexercisable
<S>	<C>	<C>	<C>	<C>
Robert G. Layne.....	--	$ --	125,000/25,000	$1,437,500/$237,500

</TABLE>

(1) Assumes a per share fair market value equal to $12.00, the mid-point of the estimated per share price of the common stock offered hereby.

Stock Option Plans

1998 Stock Option and Incentive Plan

Our 1998 Stock Option and Incentive Option Plan was approved by PurchasePro.com's board of directors and shareholders in August 1998. The 1998 Plan, as amended, provides for grants of incentive stock options and nonqualified stock options to purchase up to 3,000,000 shares of common stock. The maximum number of shares of common stock with respect to which options may be granted to an individual grantee is 750,000. Awards may be made to any employee of PurchasePro.com.

The 1998 Plan is administered by the Compensation Committee of PurchasePro.com's board of directors, which has the authority to interpret the 1998 Plan and to prescribe, amend and rescind rules and regulations relating to the 1998 Plan. The Compensation Committee may also determine the amount of and to whom awards are made under the 1998 Plan. The exercise price of options granted under the 1998 Plan may not be less

than 100% of the fair market value of a share of common stock on the date of grant. The determination by the Compensation Committee on all matters relating to the 1998 Plan or any award agreement will be final and binding.

Our board of directors may authorize the Compensation Committee to modify any outstanding award so long as this modification does not confer upon any grantee a right or benefit which could not have been conferred at the time of such grant or impair the award with out the consent of the grantee.

The vesting of options issued to a grantee pursuant to the 1998 Plan will accelerate upon the grantee's termination within one year following a change in control.

Our board of directors may from time to time alter, amend or suspend the 1998 Plan or any option granted under the 1998 Plan, except that shareholder approval is required to increase the number of shares for which options may be granted under the 1998 Plan or materially modify the class of employees eligible to receive option grants.

As of June 30, 1999, no shares had been issued upon exercise of options granted under the 1998 Plan, options to purchase 2,725,280 shares of common stock were outstanding and options to purchase 274,720 shares of common stock were available for future grant. We do not plan to issue any additional shares of common stock under the 1998 Plan after the consummation of this offering.

1999 Stock Plan

Our 1999 Stock Plan was adopted by the board of directors on June 2, 1999. The 1999 Stock Plan provides selected employees, directors, independent contractors and advisers an opportunity to acquire a proprietary interest in the success of PurchasePro.com or to increase their interest. The 1999 Stock Plan is administered by the Compensation Committee of the board of directors.

However, the Chief Executive Officer may grant options up to 25,000 in each instance under the 1999 Stock Plan to employees. As of June 30, 1999, 1,500,000 shares had been authorized for issuance.

The 1999 Stock Plan provides for the grant of incentive stock options and nonqualified stock options. However, eligibility for the grant of incentive stock options is limited to common law employees. Options need not have identical terms with respect to each optionee. Options shall have such terms and be exercisable in such manner and at such times as the Compensation Committee may determine. Each option must expire within 10 years from the grant date.

In no event will the exercise price for incentive stock options be less than 100% of the fair market value of the stock on the date of grant. The exercise price of incentive stock options granted an employee who owns 10% or more of the total combined voting power of all classes of outstanding stock of PurchasePro.com or any subsidiary of PurchasePro.com must equal at least 110% of the fair market value of the common stock on the date of grant and the term of such an incentive stock option may not be greater than five years.

The 1999 Stock Plan defines "fair market value" as:

- the closing price of a share on the principal exchange on which the shares are trading,

- if the shares are not traded on an exchange but are traded on the Nasdaq National Market or a successor quotation system, the closing price, or

- if the shares are not traded on an exchange or the Nasdaq National Market or a successor quotation system, the fair market value of a share, as determined by the Compensation Committee in good faith.

Upon exercise of an option, payment of the exercise price shall be made in lawful money of the United States. If an option agreement so provides, payment may be made by delivery of shares owned by the optionee or his representative at least 12 months or via an irrevocable direction to a securities broker to sell shares and to deliver all or part of the sale proceeds to PurchasePro.com. Each option shall be transferable only by will or the law of descent and distribution and shall only be exercisable by the optionee during his or her lifetime.

No person shall be granted options to purchase more than 500,000 shares of common stock in any calendar year.

The terms of each award or sale of shares are determined by the Compensation Committee. Such awards or sales may be subject to forfeiture, rights of repurchase, rights of first refusal or other transfer restrictions, and may not be transferred. A right to acquire shares shall automatically expire if not exercised within 30 days after the grant of the right is communicated to the offeree. The purchase price of any share may be paid in lawful money of the United States or services previously rendered.

The 1999 Stock Plan shall remain in effect until June 1, 2009 or, if earlier, it is terminated by the board of directors. Any amendment of the 1999 Stock Plan shall be subject to the approval of the stockholders of PurchasePro.com only to the extent required by applicable laws, regulations or rules. Rights and obligations under any option may not be materially altered or impaired without the optionee's consent.

Employment Agreements and Change in Control Agreements

We have entered into the following employment agreements with our Named Executive Officers:

<TABLE>
<CAPTION>

Officer	Term	Salary	Position
Charles E. Johnson, Jr...	May 1999-May 2001	$240,000	Chairman and Chief Executive Officer
Christopher P. Carton....	May 1999-May 2001	$200,000	President, Chief Operating Officer and Secretary
Jeffrey A. Neppl.....	April 1999-April 2002	$175,000	Vice President--Sales
Robert G. Layne.....	May 1999-May 2001	$120,000	Vice President--Strategic Development

</TABLE>

Mr. Johnson's and Mr. Carton's agreements provide for a discretionary annual bonus as determined by the Compensation Committee of the board of directors. We provide each of Mr. Johnson and Mr. Carton with a company car. We may terminate either for cause at any time. If we terminate them without cause or because of their disability or death, or if they terminate their employment because we breach the agreements, change their title or duties or relocate their employment outside of Las Vegas, we must pay, in the case of Mr. Johnson, three times his annual base salary plus the greater of his last paid bonus or one half of his annual base salary, and, in the case of Mr. Carton, twice his annual base salary plus the greater of his last paid bonus or one half of his annual base salary. We also pay for life insurance for each of them under their agreements. The agreements contain nonsolicitation and noncompetition provisions that are intended to survive the termination of their employment for one year.

We provide Mr. Neppl with a monthly car allowance. Under his agreement, Mr. Neppl has received stock options pursuant to our 1998 Stock Option and Incentive Plan to purchase in the aggregate 190,870 shares of common stock at an exercise price of $3.50 per share, of which 25,000 vested upon his hire. Options to purchase 75,870 shares vest over the three year term of his agreement. The remaining shares vest over the term of the agreement subject to his achieving the performance goals under his agreement and as determined by our Chief Executive Officer and our Compensation Committee. We may terminate him for cause at any time. If we terminate him without cause or we terminate the agreement because we breach the agreement, change his title or duties or change the person to whom he reports, we must pay Mr. Neppl his accrued salary and bonus, his vested stock options, the preceding year's total compensation and one year's base salary. The agreement contains noncompetition provisions that are intended to survive the termination of Mr. Neppl's employment for one year.

Mr. Layne's agreement provides for a discretionary, annual bonus up to the amount of his base salary. We provide Mr. Layne with a monthly car allowance. We may terminate him for cause at any time. If we terminate him without cause or if Mr. Layne terminates his agreement for good reason, we must pay Mr. Layne his salary for 24 months. If we terminate him because of disability or death, we must pay him or his heirs his salary for 24 months. The agreement contains noncompetition and nonsolicitation provisions that are intended to survive the termination of Mr. Layne employment for one year.

In addition, in July 1999 we entered into an employment agreement with Richard C. St. Peter. He serves as our Senior Vice President, Chief Financial Officer and Treasurer and receives an annual salary of $190,000. Under his agreement, Mr. St. Peter has received stock options pursuant to our 1998 Stock Option and Incentive Plan to purchase an aggregate of 150,000 shares of common stock at an exercise price of $6.00 per share. These stock options vest over the two year term of his agreement. We may terminate Mr. St. Peter at any time. If we terminate him without cause or because of his disability or death, or we terminate the agreement because we breach the agreement or change his title or duties, we must pay Mr. St. Peter his accrued salary and bonus, his vested stock options, and one year's base salary. The agreement contains nonsolicitation and noncompetition provisions that are intended to survive the

termination of Mr. St. Peter's employment for one year.

CERTAIN TRANSACTIONS

Transactions with Management and Others

Since our inception in October 1996, there has not been any transaction or series of transactions to which we were or are a party in which the amount involved exceeded or exceeds $60,000 and in which any director, executive officer, holder of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than the transactions described below.

In October 1996, Charles E. Johnson, Jr., one of our founders and Chairman and Chief Executive Officer, contributed $139,000 in capital to our predecessor.

Dr. Ranel Erickson, a founder, provided services in designing our network. Dr. Erickson was paid $77,000 for his services through December 31, 1996. For the years ended December 31, 1997, and December 31, 1998, he was paid $105,000 and $72,000, respectively. Through May 31, 1999, we paid him $30,000 for his services this year.

In January 1998, we sold 6,165,000 shares of common stock to Mr. Johnson, at $0.01 per share and we sold 767,500 shares of common stock to Dr. Erickson at $0.01 per share.

In January 1998, we purchased all of the assets of our predecessor by assuming the liabilities of our predecessor in the amount of $2,747,000, of which $2,518,000 was owed to Mr. Johnson. Mr. Johnson was a director, executive officer and 5% shareholder of our predecessor, and Dr. Erickson was a 5% shareholder of our predecessor. When we purchased all of the assets of our predecessor, Mr. Johnson and Dr. Erickson assigned to us their right, title and interest to certain intellectual property.

Over the course of 1997, Mr. Johnson loaned an aggregate of $2,518,000 to our predecessor at an interest rate of prime plus 1% per annum. PurchasePro.com assumed this liability as part of the asset purchase referenced above. In January 1998, we repaid Mr. Johnson $813,000. In April 1998, Mr. Johnson advanced a non-interest bearing loan of $387,000 to us. In June 1998, Mr. Johnson was repaid $310,000 from the proceeds of the sale of our Series A Preferred Stock and contributed his remaining notes and advances totaling $1,782,000 to us as equity. Between September and November 1998, Mr. Johnson loaned an aggregate of $500,000 at an interest rate of 15% per annum to us. In December 1998, Mr. Johnson loaned an additional $250,000 and in March 1999 he loaned another $200,000 to PurchasePro.com, in each case at an interest rate of 10%. In June 1999, Mr. Johnson was repaid the total amount of his outstanding loans from the proceeds of our Series B Preferred Stock offering.

In January 1998, Bradley D. Redmon loaned $300,000 to us at an interest rate of 8% per annum and received 300,000 shares of common stock in connection with this loan. In June 1998, Mr. Redmon purchased 120,000 shares of common stock held by Mr. Johnson at a sale price of $2.50 per share. In June 1998, Mr. Redmon was repaid the entire amount of his $300,000 loan plus accrued interest from the proceeds of our Series A Preferred Stock. Mr. Redmon is a member of our board of directors and a cousin of our Chief Executive Officer.

In May 1998, Maurice J. Gallagher and Timothy P. Flynn loaned a total of $200,000 to us at an interest rate of 12% per annum. In June 1998, Mr. Gallagher and Mr. Flynn were repaid the entire amount plus accrued interest from the proceeds of our Series A Preferred Stock. Mr. Gallagher and Mr. Flynn were each members of our board of directors from January 1998 through May 1999.

In June 1998, Mr. Johnson and Dr. Erickson contributed 607,500 and 317,500

shares of common stock, respectively, back to PurchasePro.com in connection with our Series A Preferred Stock financing. Pursuant to the same agreement, and in connection with the repayment of the loan he made to us in January 1998, Mr. Redmon contributed 192,391 shares of common stock back to PurchasePro.com.

In June 1998, John G. Chiles purchased 40,000 shares of common stock from Mr. Johnson at $2.50 per share. Mr. Chiles is a member of our board of directors.

In June 1998, we paid $250,000 to Jefferies & Company, Inc., and issued warrants to Mr. Chiles and Jefferies & Company, Inc. to purchase an aggregate of 230,000 shares of common stock, for its services as placement agent in connection with our Series A Preferred Stock financing. See "--Warrants."

In September 1998, Mr. Gallagher and Mr. Flynn each loaned us $167,000 at an interest rate of 15% per annum. In May 1999, Mr. Gallagher and Mr. Flynn each converted these loans into 47,619 shares of Series B Preferred Stock. In December 1998, Mr. Gallagher and Mr. Flynn each subscribed for an additional $500,000 of Series B Preferred Stock.

In December 1998, Christopher P. Carton, our President and a member of our board of directors, loaned us $100,000 at an interest rate of 10% per annum. In June 1999, Mr. Carton was repaid the entire amount of this loan plus accrued interest from the proceeds of our Series B Preferred Stock.

We lease our headquarters in Las Vegas, Nevada from Cheyenne Investments LLC for a monthly fee of $29,297. The lease expires in July 2003. Cheyenne Investments is owned and controlled by Mr. Gallagher and Mr. Flynn. Mr. Carton has guaranteed PurchasePro.com's obligations under the lease.

Transactions with E-MarketPro, LLC and ZoomTown.com

In January 1999, we entered into an agreement with E-MarketPro, LLC pursuant to which we granted E-MarketPro the exclusive right to market our services to persons and entities located within Ohio and Kentucky and to out-of-state entities doing business with subscribers within those two states. Mr. Redmon, a director of our company and cousin of our chief executive officer, is a principal of E-MarketPro. E-MarketPro was granted a right of first-refusal for exclusive marketing rights of network subscriptions in all states contiguous to Kentucky and Ohio, excepting Illinois. This right of first refusal automatically terminates when Mr. Redmon no longer owns a majority of the equity interest in and exercises managerial control over E-MarketPro.

The term of this agreement is for one year. However, the rights granted under the contract are automatically renewed at the end of the first year and in each subsequent year if E-MarketPro generates specified levels of revenue from the sale of PurchasePro network subscriptions.

E-MarketPro is compensated based on the volume of sales of our services generated by E-MarketPro. In addition, E-MarketPro may receive options to purchase up to a maximum of 100,000 shares of our common stock at the then current market price based on the number of members E-MarketPro adds to our e-marketplaces. In connection with the ZoomTown.com agreement described below, E-MarketPro has agreed not to market or offer access to the e-marketplaces in Ohio.

In May 1999, we entered into an agreement with ZoomTown.com, a subsidiary of Cincinnati Bell, Inc., and E-MarketPro, LLC. This agreement modified our agreement with E-MarketPro described above and granted ZoomTown.com, as our agent and representative, the exclusive right to market and offer access to our e-marketplaces in Ohio, a co-exclusive right with E-MarketPro in Kentucky, and a nonexclusive right in other domestic markets until April 2001. Under the agreement ZoomTown.com may co-brand our e-marketplaces. Before granting other parties similar exclusive rights to market and access our public e-marketplaces, we must first offer the exclusive rights to ZoomTown.com.

Accordingly, ZoomTown.com can extend its exclusive rights to market and offer access to our public e-marketplace under a ZoomTown.com co-brand to include the states neighboring Ohio and Kentucky. In the event ZoomTown.com does not elect to expand its exclusive rights, we must offer the same rights of exclusivity to E-MarketPro prior to entering into exclusive arrangements in these areas with any third parties.

As reflected in the agreement and in accordance with our commitments to E-MarketPro described above, we are obligated to pay sales commissions on revenues generated by ZoomTown.com derived from licenses or sublicenses of our software. We are obligated to pay E-MarketPro a sales commission of 37.5% of the revenues generated by ZoomTown.com from customers in Ohio and Kentucky during the first year after the launch date and a sales commission of 25% of these revenues in subsequent years. Mr. Redmon may gain significant compensation from the ZoomTown.com and E-MarketPro agreements. Mr. Redmon, on behalf of E-MarketPro, assisted us in the negotiation of this agreement with ZoomTown.com. We do not believe, in light of the circumstances of our company and our early stage of development, that we could have obtained more favorable terms if we had negotiated directly with ZoomTown.com or through an independent third party.

Equity Financings

Between June 1998 and May 1999, we sold and issued 5,400,000 shares of our preferred stock for an aggregate consideration of $16,800,000. We sold an aggregate of 2,100,000 shares of our Series A Preferred Stock in June 1998 at a sale price of $2.50 per share, and we sold an aggregate of 3,300,000 shares of our Series B Preferred Stock in June 1999 at a sale price of $3.50 per share. Each share of Series A Preferred Stock and Series B Preferred Stock mandatorily converts into one share of common stock upon completion of this offering under the terms of our articles of incorporation. Upon closing of the Series B Preferred Stock private placement, we issued an aggregate 450,000 shares of common stock to the holders of Series A Preferred Stock in consideration of these holders' waiver of certain anti-dilution rights triggered by the issuance of the Series B Preferred Stock.

The following table summarizes purchases, valued in excess of $60,000, of shares of preferred stock and of common stock by directors, executive officers and 5% shareholders of PurchasePro and persons and entities associated with them:

<TABLE>
<CAPTION>

	Shares		
Directors and Executive Officers	Common	Series A	Series B
<S>	<C>	<C>	<C>
Charles E. Johnson, Jr.	4,308,333	--	--
Christopher P. Carton	714,000	--	--
Bradley D. Redmon(1)	230,976	15,712	71,429
John G. Chiles(2)	227,571	40,000	54,285
David I. Fuente	--	--	100,000
J. Terrence Lanni	--	--	--
Michael D. O'Brien(3)	--	--	--
<CAPTION>			
5% Shareholders			
<S>	<C>	<C>	<C>
Maurice J. Gallagher(4)	215,635	480,000	190,476
Timothy P. Flynn(5)	178,492	400,000	190,476

</TABLE>

(1) E-MarketPro, of which Mr. Redmon is a principal, may receive options to purchase up to a maximum of 100,000 shares of PurchasePro.com common stock at the then current market price based on certain performance criteria contained in an agreement between E-MarketPro and PurchasePro.com.

(2) Includes 113,000 shares of common stock held by Jefferies & Company, Inc., 8,571 shares of common stock, 40,000 shares of Series A Preferred Stock and 28,569 shares of Series B Preferred Stock held by the John G. and Cynthia M. Chiles Revocable Trust and 25,716 shares of Series B Preferred Stock held by Mr. Chiles' minor children. Does not include 89,144 shares of common stock, 178,000 shares of Series A Preferred Stock and 130,001 shares of Series B Preferred Stock held by persons associated with Jefferies & Company, Inc. Mr. Chiles is a Managing Director of Jefferies & Company, Inc. Mr. Chiles disclaims beneficial ownership of these shares. Also does not include 15,144 shares of common stock, 24,000 shares of Series A Preferred Stock and 21,429 shares of Series B Preferred Stock held by former employees of Jefferies & Company, Inc.

(3) Does not include 571,429 shares of Series B Preferred Stock held by Cincinnati Bell, Inc., the parent of ZoomTown.com. Mr. O'Brien is the Chief Executive Officer of ZoomTown.com. Mr. O'Brien disclaims beneficial ownership of these shares.

(4) Includes 102,857 shares of common stock held by Gallagher Corporation, 480,000 shares of Series A Preferred Stock held by Gallagher Corporation and 17,778 shares of common stock issuable upon the exercise of warrants.

(5) Includes 85,714 shares of common stock held by Flynn Corporation, 400,000 shares of Series A Preferred Stock held by Flynn Corporation and 17,778 shares of common stock issuable upon the exercise of warrants.

Options

In January 1998, Mr. Johnson granted Robert G. Layne, our Vice President--Strategic Development, options to purchase 125,000 shares of common stock held by Mr. Johnson at a purchase price of $0.50 per share.

In August 1998, we granted Mr. Redmon nonqualified stock options to purchase 50,000 shares of common stock at a purchase price of $2.50 per share. These options vest over a two-year period.

In November 1998, we granted Mr. Chiles nonqualified stock options to purchase 25,000 shares of common stock at a purchase price of $2.50 per share. These options vest over a one-year period. In addition, in May 1999 certain persons associated with Jefferies & Company, Inc. received options to purchase an aggregate of 3,500 shares of common stock at a purchase price of $3.50 per share.

In May 1999, we granted Mr. Johnson incentive stock options to purchase 325,000 shares of common stock at a purchase price of $3.50 per share. These options vest over an 18-month period. The options when granted vested over an 18-month period; however, in July 1999, the Compensation Committee accelerated the vesting and the options are currently fully vested.

In May 1999, we granted Mr. Carton incentive stock options to purchase 200,000 shares of common stock at a purchase price of $3.50 per share. These options vest over an 18-month period. The options when granted vested over an 18-month period; however, in July 1999, the Compensation Committee accelerated the vesting and the options are currently fully vested.

In June 1999, we granted Mr. Chiles, a member of our board of directors, nonqualified options to purchase 10,000 shares of common stock at a purchase price of $3.50 per share. These options vested upon grant.

In June 1999, we granted Michael D. O'Brien, a member of our board of directors, nonqualified stock options to purchase 10,000 shares of common stock at a purchase price of $3.50 per share. These options vested upon grant.

In June 1999, we granted J. Terrence Lanni, a member of our board of directors, nonqualified stock options to purchase 10,000 shares of common stock at a purchase price of $3.50 per share. These options vested upon grant.

In June 1999, we granted David I. Fuente, a member of our board of directors, nonqualified stock options to purchase 100,000 shares of common stock at a purchase price of $3.50 per share. These options vested upon grant.

In June 1999, we granted Jeffrey A. Neppl, our Vice President--Sales, incentive stock options to purchase 190,870 shares of common stock at a purchase price of $3.50 per share, of which 25,000 shares vested upon grant, 75,870 shares vest over a three-year period, and the remaining shares vest over a five year period subject to his achievement of performance goals.

In June 1999, we granted Michael L. Ford, our Chief Technical Officer, incentive stock options to purchase 100,000 shares of common stock at a purchase price of $3.50 per share, of which 30,000 vested upon grant, and the remaining shares vest over a three-year period.

In July 1999, we granted Richard C. St. Peter, our Senior Vice President, Chief Financial Officer and Treasurer, incentive stock options to purchase 150,000 shares of common stock at a purchase price of $ per share, of which 50,000 shares vest after six months from date of grant, with the remaining shares vesting over a two-year period.

Warrants

In June 1998, we issued warrants to Mr. Chiles at the direction of Jefferies & Company, Inc., one of our underwriters, and directly to Jefferies & Company, Inc. to purchase 30,000 and 200,000 shares, respectively, of our common stock at a per share exercise price of $0.01 for services provided by Jefferies & Company, Inc. in connection with our Series A Preferred Stock financing. Mr. Chiles is a director of PurchasePro.com and a Managing Director of Jefferies & Company, Inc. Mr. Chiles and Jefferies & Company, Inc. each exercised their warrants in May 1999.

In June 1998, we issued warrants to Mr. Gallagher and Mr. Flynn to purchase 75,000 shares each of our common stock at a per share exercise price of $0.01 in connection with their investment in our Series A Preferred Stock. Mr. Flynn and Mr. Gallagher were directors of PurchasePro.com from January 1998 through May 1999. Mr. Gallagher and Mr. Flynn each exercised their warrants in February 1999.

In September 1998, we issued warrants to Mr. Johnson, Mr. Gallagher and Mr. Flynn to purchase 53,333, 17,778 and 17,778 shares, respectively, of our common stock at a per share exercise price of $0.01 in connection with a loan made by Mr. Johnson, Mr. Gallagher and Mr. Flynn to PurchasePro.com. Mr. Johnson exercised his warrants in June 1999.

We believe that the foregoing transactions were in our best interests. It is our current policy that all transactions with officers, directors, 5% stockholders and their affiliates will be entered into only if such transactions are approved by a majority of our disinterested independent directors, are on terms no less favorable to PurchasePro.com than could be obtained from unaffiliated parties and are reasonably expected to benefit us.

For information concerning indemnification of directors and officers, see "Description of Capital Stock-- Nevada Law and Articles of Incorporation and Bylaws Provisions Affecting Stockholders--Indemnification of Directors and Officers."

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of June 30, 1999, on a pro forma basis to reflect: (1) the automatic conversion upon completion of this offering of all the outstanding shares of Series A Preferred Stock and Series B Preferred Stock into common stock; and (2) the issuance of 106,666 shares of common stock upon the exercise of outstanding warrants; for a total of 14,009,999 shares of common stock, by:

- each person or group of affiliated persons known by us to own beneficially more than 5% of our common stock;
- each of our directors;
- each of our Named Executive Officers; and
- all of our directors and executive officers as a group.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner(1)	Total Shares of Common Stock Beneficially Owned	Percentage of Common Stock(2)	
		Before Offering	After Offering
<S>	<C>	<C>	<C>
Charles E. Johnson, Jr.(3)	5,011,333	35.0%	27.3%
Christopher P. Carton(4)	914,000	6.4%	5.0%
Jeffrey A. Neppl(5)	25,000	*	*
Robert G. Layne(6)	200,000	1.4%	1.1%
Bradley D. Redmon(7)	318,117	2.3%	1.8%
John G. Chiles(8)	331,856	2.4%	1.8%
David I. Fuente(9)	200,000	1.4%	1.1%
J. Terrence Lanni(10)	10,000	*	*
Michael D. O'Brien(11)	10,000	*	*
Maurice J. Gallagher(12) 3300 North Buffalo Drive Las Vegas, NV 89129	886,111	6.3%	4.9%
Timothy P. Flynn(13) 3291 North Buffalo Drive Las Vegas, NV 89129	768,968	5.5%	4.3%
Lexington Investor Group(14) c/o Steven Singleton 800 Corporate Drive Lexington, KY 40503	1,435,912	10.2%	8.0%
All directors and executive officers as a group (13 persons)(15)	6,925,306	46.9%	36.9%

</TABLE>

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* Less than 1%.

(1) Unless otherwise indicated, the address for the following stockholders is c/o PurchasePro.com, Inc., 3921 N. Buffalo Drive, Las Vegas, Nevada 89129, (702) 316-7000.

(2) Assumes no exercise of the underwriters' over-allotment option. Applicable percentage ownership is based on 14,009,999 shares of common stock outstanding as of June 30, 1999 and 18,009,999 shares outstanding immediately following completion of this offering. Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed outstanding. These shares, however, are not deemed outstanding

for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each shareholder named in the table has sole voting and investment power with respect to the shares set forth opposite such shareholders' name.

(3) Includes options to purchase 325,000 shares of common stock from the Company and 378,000 shares of common stock from Dr. Erickson, and an aggregate of 225,000 shares which are subject to options granted by Mr. Johnson to employees of PurchasePro.com.

(4) Includes options to purchase 200,000 shares of common stock.

(5) In July 1999, Mr. Neppl exercised options to purchase 25,000 shares of common stock which were exercisable as of June 30, 1999.

(6) Includes options to purchase 75,000 shares of common stock from the Company and 125,000 shares of common stock from Mr. Johnson.

(7) Does not include 1,117,795 shares held by the other members of the Lexington Investor Group. Mr. Redmon disclaims beneficial ownership of these shares.

(8) Includes 113,000 shares held by Jefferies & Company, Inc., 8,571 shares of common stock, 40,000 shares of Series A Preferred Stock, 28,569 shares of Series B Preferred Stock held by the John G. and Cynthia M. Chiles Revocable Trust and 25,716 shares held by Mr. Chiles' minor children, and options to purchase 10,000 shares of common stock. Does not include 89,144 shares of common stock, 178,000 shares of Series A Preferred Stock, 130,001 shares of Series B Preferred Stock and options to purchase 3,500 shares of common stock held by persons associated with Jefferies & Company, Inc. Mr. Chiles is a Managing Director of Jefferies & Company, Inc. Mr. Chiles disclaims beneficial ownership of these shares.

(9) Includes options to purchase 100,000 shares of common stock. Does not include warrants to purchase 500,000 shares of common stock held by Office Depot, Inc. Mr. Fuente disclaims beneficial ownership of the warrants held by Office Depot, Inc.

(10) Includes options to purchase 10,000 shares of common stock.

(11) Includes options to purchase 10,000 shares of common stock. Does not include 571,429 shares of Series B Preferred Stock held by Cincinnati Bell, Inc., the parent of ZoomTown.com. Mr. O'Brien disclaims beneficial ownership of shares held by Cincinnati Bell, Inc.

(12) Includes 582,857 shares held by Gallagher Corporation and warrants to purchase 17,778 shares of common stock.

(13) Includes 485,714 shares held by Flynn Corporation and warrants to purchase 17,778 shares of common stock.

(14) The Lexington Investor Group includes the following persons: Pat Madden, Harry Cohen, Steve Singleton, Cornelia Lockstadt, John Burrus, Robert Langely, Wally Langely, Frank Cassell, Ron Gaudiano, Charles Lisle, Tom Padgett, Sara Levy and Brad Redmon, a member of our board of directors. Each person in the Lexington Investor Group disclaims beneficial ownership of the other individual's shares.

(15) Includes options held by the directors and officers to purchase 1,138,000 shares in the aggregate.

DESCRIPTION OF CAPITAL STOCK

Our amended and restated articles of incorporation, which will become effective at the closing of this offering, authorize the issuance of up to 40,000,000 shares of common stock, par value $.01 per share, and 5,000,000 shares of preferred stock, par value $.001 per share.

Common Stock

Holders of the common stock are entitled to receive, as, when and if declared by the board of directors from time to time, such dividends and other distributions in cash, stock or property from our assets or funds legally available for such purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized. Holders of common stock are entitled to one vote for each share held of record on all matters on which stockholders may vote, except with respect to the election of directors in which case stockholders are entitled to multiply the number of shares held of record by the number of directors to be elected and distribute such number of votes for one or among two or more nominees.

There are no preemptive, conversion, redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and non-assessable. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in the assets available for distribution.

Preferred Stock

Our board of directors, without further action by the stockholders, is authorized to issue an aggregate of 5,000,000 shares of preferred stock. No shares of preferred stock are outstanding and we have no plans to issue a new series of preferred stock. Our board of directors may, without stockholder approval, issue preferred stock with dividend rates, redemption prices, preferences on liquidation or dissolution, conversion rights, voting rights and any other preferences, which rights and preferences could adversely affect the voting power of the holders of common stock. Issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions or other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage or delay a third party from acquiring, a majority of our outstanding stock. Additionally, the issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock, may have the effect of decreasing the market price of the common stock, and may adversely affect the voting and other rights of the holders of common stock.

Common Stock Warrants

We have warrants outstanding for the purchase of 606,666 shares of common stock with a weighted average exercise price of $9.89 per share, assuming an initial public offering price of $12.00 per share.

Warrants issued to Maurice J. Gallagher and Timothy P. Flynn, former directors of PurchasePro.com, and RMC Capital in September 1998, entitle each of Mr. Gallagher and Mr. Flynn to purchase 17,778 shares and RMC Capital to purchase 17,777 shares of common stock for $.01 per share. In addition, warrants issued to Samuel A. Boone in September 1998 entitle Mr. Boone to purchase 53,333 shares of common stock at $.01 per share.

Warrants issued to Office Depot, Inc. in July 1999 entitle Office Depot to purchase 500,000 shares of common stock at the initial public offering price in this offering.

The exercise price and number of shares of common stock issuable upon the exercise of each of the warrants may be adjusted upon the occurrence of certain events, including stock splits, stock dividends, reorganization, recapitalization, merger, or sale of all or substantially all of our assets. All warrants and shares of stock issuable upon exercise of all warrants have

certain registration rights as described under "Registration Rights" below. For purposes of this prospectus, we have assumed all outstanding warrants have been exercised.

Registration Rights

After the consummation of the offering, the holders of 5,400,000 shares of common stock issuable upon conversion of the Series A and B Preferred Stock, and certain holders of 825,000 shares of common stock have the right to cause us to register such shares under the Securities Act as follows:

- Demand Registration Rights. Six months after this offering the holders of a majority of the common stock issued upon conversion of the Series A Preferred Stock and the holders of a majority of the shares of common stock issued upon conversion of the Series B Preferred Stock may request PurchasePro.com to register their shares with respect to all or part of their registerable securities having aggregate proceeds of at least $10,000,000. The $10,000,000 proceeds threshold was negotiated as part of the Series A Preferred Stock financing.

- Piggyback Registration Rights. The holders of registerable securities can request to have their shares registered anytime we file a registration statement to register any of our securities for our own account or for the account of others.

- S-2 and S-3 Registration Rights. The holders of a majority of the common stock issued upon conversion of the Series A Preferred Stock and the holders of a majority of the common stock issued upon conversion of the Series B Preferred Stock may request us to register their shares if we are eligible to use either Form S-2 or Form S-3 and if the aggregate price is at least $500,000.

Holders of 453,333 shares of common stock and holders of warrants to purchase 106,666 shares of a common stock have substantially the same registration rights as described above, however, the aggregate price of the registerable securities in demand registrations need only be $500,000. Office Depot, which holds a warrant to purchase 500,000 shares of common stock has piggyback and S-3 registration rights as described above.

Registration of shares of common stock pursuant to the exercise of demand registration rights, piggyback registration rights or S-2 or S-3 registration rights under the Securities Act would result in such shares becoming freely tradeable without restriction under the Securities Act immediately upon the effectiveness of such registration. See "Risk Factors--Shares eligible for future sale by our existing stockholders may adversely affect our stock price," "Shares Eligible for Future Sale" and "Certain Transactions."

We will pay all registration expenses, other than underwriting discounts and commissions and other selling expenses, in connection with any registration. The registration rights terminate 5 years following the closing of this offering, or, with respect to each holder of registerable securities, when the holder can sell all of its shares in any 90 day period under Rule 144 of the Securities Act.

Nevada Law and Articles and Bylaws Provisions Affecting Stockholders

Articles and Bylaws. Our articles of incorporation and bylaws provide that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible. The bylaws provide that Class I shall be comprised of directors who shall serve until the annual meeting of stockholders in 2000 and until their successors shall have been elected and qualified. Class II shall be comprised of directors who shall serve until the annual meeting of stockholders in 2001 and until their successors shall have been elected and qualified. Class III shall be comprised of

directors who shall serve until the annual meeting of stockholders in 2002 and until their successors shall have been elected and qualified.

Our articles of incorporation and bylaws:

- require advance notice for stockholders to submit nominations for the election of directors,
- require the approval of at least two-thirds of the shares entitled to vote at an election of directors to amend our articles of incorporation,
- require a majority vote of our board of directors or a two-thirds stockholders' vote to amend our bylaws,

- allow us to indemnify our directors and officers to the fullest extent permitted by Nevada law, and
- grant the board of directors the power to authorize the issuance of up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without further vote or action by the stockholders.

Nevada Anti-Takeover Statutes. Nevada law provides that an acquiring person who acquires a controlling interest in a corporation may only exercise voting rights on any control shares if these voting rights are conferred by a majority vote of the corporation's disinterested stockholders at a special meeting held upon the request of the acquiring person. If the acquiring person is accorded full voting rights and acquires control shares with at least a majority of all the voting power, any of our stockholders, who did not vote in favor of authorizing voting rights for the control shares, are entitled to payment for the fair value of his shares. A "controlling interest" is an interest that is sufficient to enable the acquiring person to exercise at least one-fifth of the voting power of the corporation in the election of directors. "Control shares" are outstanding voting shares that an acquiring person or associated persons acquire or offer to acquire in an acquisition and those shares acquired during the 90-day period before the person involved became an acquiring person.

In addition, Nevada law restricts the ability of a corporation to engage in any combination with an interested stockholder for three years from when the interested stockholder acquires shares that cause the stockholder to become an interested stockholder, unless the combination or the purchase of shares by the interested stockholder is approved by the board of directors before the stockholder became an interested stockholder. If the combination was not previously approved, the interested stockholder may only effect a combination after the three-year period if the stockholder receives approval from a majority of the disinterested shares or the offer meets certain fair price criteria.

An "interested stockholder" is a person who is:

- the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation or
- an affiliate or associate of the corporation and, at any time within three years immediately before the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding shares of the corporation.

Our articles of incorporation and bylaws do not exclude us from these restrictions.

These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board and in the policies formulated by the board and to discourage some types of transactions that may involve actual or

threatened change of control of our company. These provisions are designed to reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares or an unsolicited proposal for the potential restructuring or sale of all or a part of our company. However, these provisions could discourage potential acquisition proposals and could delay or prevent a change in control of our company. They may also have the effect of preventing changes in our management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is ChaseMellon Shareholder Services, L.L.C.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. The market price of our common stock could drop due to sales of a large number of shares of our common stock or the perception that such sales could occur. These factors could also make it more difficult to raise funds through future offerings of common stock.

After this offering, 18,009,999 shares of common stock will be outstanding, 18,609,999 shares if the underwriters exercise their over-allotment option in full. Of these shares, the 4,000,000 shares sold in this offering, 4,600,000 shares if the underwriters over-allotment option is exercised in full, will be freely tradable without restriction under the Securities Act except for any shares purchased by "affiliates" of PurchasePro.com as defined in Rule 144 under the Securities Act. The remaining 14,009,999 shares are "restricted securities" within the meaning of Rule 144 under the Securities Act. The restricted securities generally may not be sold unless they are registered under the Securities Act or are sold pursuant to an exemption from registration, such as the exemption provided by Rule 144 under the Securities Act.

Our officers, directors and all stockholders have entered into lock-up agreements under which they have agreed not to offer or sell any shares of common stock for a period of 180 days after the date of this prospectus without the prior written consent of Prudential Securities, on behalf of the underwriters. See "Underwriting." These individuals or entities may request that Prudential Securities consider an early release from their lock-up agreement. Prudential Securities may, at any time and without notice, grant an early release for shares subject to these lock-up agreements. Following the lock-up period, these shares will not be eligible for sale in the public market without registration under the Securities Act unless such sales meet the applicable conditions and restrictions of Rule 144 as described below.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, any person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned shares for a period of at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then-outstanding shares of common stock, and
- the average weekly trading volume in the common stock during the four calendar weeks immediately preceding the date on which the notice of such sale on Form 144 is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to provisions, relating to notice and manner of sale and the availability of current public information about us. In addition, a person (or persons whose shares are aggregated) who has not been an affiliate of us at any time during the 90 days immediately preceding a sale, and who has beneficially owned the shares for at least two years, would be entitled to sell such shares under Rule 144(k) without regard to the volume limitation and other conditions described above. The above summary of Rule 144

is not intended to be a complete description.

In addition, our employees, directors, officers, advisors or consultants who were issued shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, which permits nonaffiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144, and permits affiliates to sell their Rule 701 shares without having to comply with Rule 144's holding period restrictions, in each case commencing 90 days after the date of this prospectus.

As soon as practicable following the closing of this offering, we intend to file a registration statement under the Securities Act to register 4,500,000 shares of common stock issuable upon the exercise of outstanding stock options or reserved for issuance under our stock option plans. See "Management--Stock Option Plans." After the effective date of such registration statement, these shares will be available for sale in the open market subject to the lock-up agreements described above and, for our affiliates, to the conditions and restrictions of Rule 144.

UNDERWRITING

We have entered into an underwriting agreement with the underwriters named below, for whom Prudential Securities Incorporated and Jefferies & Company, Inc. are acting as representatives. We are obligated to sell, and the underwriters are obligated to purchase, all of the shares of the common stock offered on the cover page of this prospectus, if any are purchased. Subject to conditions set forth in the underwriting agreement, each underwriter has severally agreed to purchase from us the number of shares of common stock set forth below opposite its name:

<TABLE>
<CAPTION>

Underwriters	Number of Shares
<S>	<C>
Prudential Securities Incorporated.....	
Jefferies & Company, Inc.....	
Volpe Brown Whelan & Company, LLC.....	
Total.....	

</TABLE>

The underwriters may sell more shares than the total number of shares offered on the cover page of this prospectus and they have, for a period of 30 days from the date of this prospectus, an over-allotment option to purchase up to 600,000 additional shares from us. If any of the additional shares are purchased, the underwriters will severally purchase the additional shares in the same proportion as set forth above.

The representatives of the underwriters have advised us that the shares will be offered to the public at the public offering price set forth on the cover page of this prospectus. The underwriters may allow to selected dealers a concession not in excess of $ per share and those dealers may reallow a concession not in excess of $ per share to other dealers. After the shares are released for sale to the public, the representatives may change the offering price and the concessions. The representatives have informed us that the underwriters do not intend to sell shares to any investor who has granted them discretionary authority.

We have agreed to pay to the underwriters the following fees, assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares:

<TABLE>
<CAPTION>

		Total Fees	
	Fee Per Share	Without Exercise of Over-Allotment Option	Full Exercise of Over-Allotment Option
<S>	<C>	<C>	<C>
Fees paid by PurchasePro.com.....	$	$	$

</TABLE>

In addition, we estimate that we will spend approximately $1,960,000 in expenses for this offering. We have agreed to indemnify the underwriters against some liabilities, including liabilities under the Securities Act or contribute to payments that the underwriters may be required to make in respect of these liabilities.

We, our officers, directors and stockholders have entered into lock-up agreements pursuant to which we and they have agreed not to offer or sell any shares of common stock or securities convertible into or exchangeable or exercisable for shares of common stock for a period of 180 days from the date of this prospectus without the prior consent of Prudential Securities. These individuals or entities may request that Prudential Securities consider an early release from their lock-up agreement. Prudential Securities may, at any time during the 180-day lock-up period and without notice, grant an early release for shares subject to the lock-up agreements.

Prior to this offering, there has been no public market for our common stock. The public offering price, negotiated between the representatives and us, is based upon factors such as our financial and operating history and conditions, our prospects, the prospects of our industry and prevailing market conditions.

The representatives of the underwriters may engage in the following activities in accordance with applicable securities rules:

- Over-allotments involving sales in excess of the offering size, creating a short position. Prudential Securities may elect to reduce this short position by exercising some or all of the over-allotment option.

- Stabilizing and short covering: stabilizing bids to purchase the shares are permitted if they do not exceed a specified maximum price. After the distribution of shares has been completed, short covering purchases in the open market may also reduce the short position. These activities may cause the price of the shares to be higher than would otherwise exist in the open market.

- Penalty bids permit the representatives to reclaim commissions from a syndicate member for the shares purchased in the stabilizing or short covering transactions.

These activities, which may be commenced and discontinued at any time, may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

Each underwriter has represented that it has complied and will comply with all applicable laws and regulations in connection with the offer, sale or delivery of the shares and related offering materials in the United Kingdom, including:

- the Public Offers of Securities Regulations 1995,

. the Financial Services Act 1986, and

. the Financial Services Act 1986, (Investment Advertisements) (Exemptions) Order 1996 (as amended).

We have asked the underwriters to reserve shares of common stock for sale at the same offering price directly to our customers, employees, officers, directors and other business affiliates or related third parties. Some of our stockholders, including Mr. Redmon, a director of PurchasePro.com, are entitled to purchase half of these shares. The number of shares available for sale to the general public in the offering will be reduced to the extent such persons purchase the reserved shares.

Jefferies & Company, Inc. has, from time to time, performed various investment banking and financial advisory services for us on a fee services basis. A Managing Director of Jefferies & Company, Inc. is a member of our board of directors. Jefferies & Company, Inc. and associated persons own 316,715 shares of common stock, 218,000 shares of Series A Preferred Stock, 184,286 shares of Series B Preferred Stock and options to purchase 38,500 shares of common stock.

LEGAL MATTERS

The validity of the issuance of the common stock offered by us in this offering will be passed upon for us by Pillsbury Madison & Sutro LLP, San Francisco, California. Partners of Pillsbury Madison & Sutro LLP and an investment partnership comprised of partners and former partners of that firm own in the aggregate 37,143 shares of Series B Preferred Stock of PurchasePro.com which automatically convert into the same number of shares of common stock upon completion of this offering. Selected legal matters relating to the shares of common stock offered in this offering will be passed upon for the underwriters by Orrick, Herrington & Sutcliffe LLP, Menlo Park, California.

EXPERTS

The consolidated financial statements of PurchasePro.com as of December 31, 1997 and 1998 and for the period from inception (October 8, 1996) through December 31, 1996 and for each of the two years in the period ended December 31, 1998, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement. For further information with respect to PurchasePro.com and the common stock, reference is made to the registration statement and the exhibits and schedules thereto. You may read and copy any document we file at the SEC's public reference room in Washington, DC. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at http://www.sec.gov.

Upon completion of this offering, PurchasePro.com will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference rooms, PurchasePro.com's website and the website of the SEC referred to above. Information on our website does not constitute a part of

this prospectus.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of PurchasePro.com, Inc.:

We have audited the accompanying consolidated balance sheets of PurchasePro.com, Inc. (a Nevada corporation) and subsidiary as of December 31, 1997 and 1998, and the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for the period from inception (October 8, 1996) through December 31, 1996, and for each of the two years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PurchasePro.com, Inc. and subsidiary as of December 31, 1997 and 1998, and the results of their operations and their cash flows for the period from inception (October 8, 1996) through December 31, 1996, and for each of the two years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Las Vegas, Nevada
June 2, 1999

PURCHASEPRO.COM, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1998	June 30, 1999 (Unaudited)
ASSETS			
<S>	<C>	<C>	<C>
Current assets			
Cash and cash equivalents	$ 7,894	$1,689,288	$3,014,572
Trade accounts receivable, net of allowance for doubtful accounts of $72,796, $200,000 and $256,000 (unaudited), respectively	18,443	215,234	750,695
Other receivables	17,602	99,078	90,461
Prepaid expenses and other	113	20,000	75,406
Total current assets	44,052	2,023,600	3,931,134
Property and equipment			
Computer equipment	517,057	714,465	1,353,922
Communication equipment	47,775	65,160	65,160
Furniture and fixtures	130,536	155,328	192,239
Leasehold improvements	26,666	44,090	50,623
	722,034	979,043	1,661,944
Less--accumulated depreciation and amortization	(162,424)	(415,039)	(603,592)
	559,610	564,004	1,058,352
Other assets	4,903	157,153	1,650,489
Total assets	$ 608,565	$2,744,757	$6,639,975

</TABLE>

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

PURCHASEPRO.COM, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1998	June 30, 1999 (Unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
<S>	<C>	<C>	<C>
Current liabilities			
Accounts payable	$ 300,347	$ 98,799	$ 205,841

Accrued salaries and benefits.....	43,289	207,635	296,100
Accrued payroll taxes.....	285,501	63,167	58,179
Accrued interest.....	23,645	59,256	45,625
Other accrued liabilities.....	51,138	147,655	625,370
Deferred revenues.....	46,541	164,812	177,670
Notes payable, current portion.....	1,200,750	375,000	--
Total current liabilities.....	1,951,211	1,116,324	1,408,785
Notes payable, net of current portion..	1,366,250	1,169,939	50,000
Commitments and contingencies (Note 4)			
Redeemable convertible preferred stock			
Preferred stock, Series A: $0.001 par value; 8% convertible; $2.50 liquidation preference; 0, 2,100,000 and 2,100,000 (unaudited) shares authorized, issued and outstanding, respectively.....	--	4,339,438	4,641,808
Preferred stock, Series B: $0.001 par value; 8% convertible; $3.50 liquidation preference; 3,300,000 shares authorized; 0, 0, and 3,300,000 (unaudited) issued and outstanding, respectively.....	--	2,000,000	11,479,476
Stockholders' equity (deficit)			
Common stock: $0.01 par value; 40,000,000 shares authorized; 7,700,000, 7,600,000 and 8,503,333 (unaudited) shares issued and outstanding, respectively.....	77,000	76,000	85,033
Additional paid-in capital.....	322,382	1,178,504	20,128,338
Deferred stock-based compensation....	--	--	(7,665,142)
Accumulated deficit.....	(3,108,278)	(7,135,448)	(23,488,323)
Total stockholders' equity (deficit).....	(2,708,896)	(5,880,944)	(10,940,094)
Total liabilities and stockholders' equity (deficit).....	$ 608,565	$ 2,744,757	$ 6,639,975

</TABLE>

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

PURCHASEPRO.COM, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Period From Inception (October 8, 1996) Through December 31,	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(Unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>

Revenues					
Subscription fees.....	$ --	$ 512,761	$ 1,307,611	$ 414,085	$ 1,211,695
Transaction fees.....	--	--	153,828	--	181,646
Other.....	--	162,629	208,799	115,780	286,567
Total revenues.....	--	675,390	1,670,238	529,865	1,679,908
Cost of revenues.....	--	213,857	445,639	212,225	349,740
Gross profit.....	--	461,533	1,224,599	317,640	1,330,168
Operating expenses					
Sales and marketing....	22,592	1,179,327	3,840,776	1,850,407	2,171,592
General and administrative.....	9,860	1,344,860	2,895,779	1,270,640	3,422,814
Programming and development.....	86,862	802,175	971,459	459,650	778,507
Amortization of stock-based compensation....	--	--	--	--	1,089,192
Total operating expenses.....	119,314	3,326,362	7,708,014	3,580,697	7,462,105
Operating loss.....	(119,314)	(2,864,829)	(6,483,415)	(3,263,057)	(6,131,937)
Other income (expense)					
Interest expense.....	(3,638)	(120,497)	(332,895)	(228,243)	(160,085)
Other.....	--	--	16,300	10,425	(279,007)
Total other income (expense).....	(3,638)	(120,497)	(316,595)	(217,818)	(439,092)
Net loss before benefit for income taxes.....	(122,952)	(2,985,326)	(6,800,010)	(3,480,875)	(6,571,029)
Benefit for income taxes.....	--	--	--	--	--
Net loss.....	(122,952)	(2,985,326)	(6,800,010)	(3,480,875)	(6,571,029)
Preferred stock dividends.....	--	--	(245,000)	(35,000)	(287,000)
Accretion of preferred stock to redemption value.....	--	--	(90,438)	--	(94,846)
Value of preferred stock beneficial conversion feature.....	--	--	--	--	(9,400,000)
Net loss applicable to common stockholders....	$(122,952)	$(2,985,326)	$(7,135,448)	$(3,515,875)	$(16,352,875)
Loss per share					
Basic.....	$ (0.02)	$ (0.39)	$ (0.83)	$ (0.37)	$ (2.09)
Diluted.....	$ (0.01)	$ (0.36)	$ (0.78)	$ (0.35)	$ (1.99)
Weighted average shares outstanding					
Basic.....	7,700,000	7,700,000	8,600,000	9,600,000	7,826,667
Diluted.....	8,259,999	8,259,999	9,159,999	10,159,999	8,234,999

</TABLE>

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

PURCHASEPRO.COM, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

<TABLE>
<CAPTION>

	Redeemable Convertible Preferred Stock			
	Series A		Series B	
	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>
Balance, October 8, 1996.....	--	$ --	--	$ --
Issuance of common stock....	--	--	--	--
Net loss for the period.....	--	--	--	--
Balance, December 31, 1996.....	--	--	--	--
Contribution from stockholder.....	--	--	--	--
Services donated by stockholder..	--	--	--	--
Net loss.....	--	--	--	--
Balance, December 31, 1997.....	--	--	--	--
Effect of recapitalization..	--	--	--	--
Issuance of common stock....	--	--	--	--
Redemption and retirement of common stock....	--	--	--	--
Contribution by principal stockholder.....	--	--	--	--
Charge for services.....	--	--	--	--
Issuance of Series A preferred stock, net of issuance costs and value of warrants issued.....	2,100,000	4,004,000	--	--
Issuance of warrants to holders of notes payable.....	--	--	--	--
Issuance of Series B preferred stock pursuant to subscription agreements.....	--	--	--	2,000,000
Preferred stock				

dividends.....	--	245,000	--	--
Accretion of preferred stock to redemption value.....	--	90,438	--	--
Net loss.....	--	--	--	--
Balance, December 31, 1998.....	2,100,000	4,339,438	--	2,000,000

<CAPTION>

	Stockholders' Equity (Deficit)					
	Common Stock		Additional Paid-in	Defered Stock-Based	Accumulated	
	Shares	Amount	Capital	Compensation	Deficit	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, October 8, 1996.....	--	$ --	$ --	$ --	$ --	$ --
Issuance of common stock....	7,700,000	77,000	(67,000)	--	--	10,000
Net loss for the period.....	--	--	--	--	(122,952)	(122,952)
Balance, December 31, 1996.....	7,700,000	77,000	(67,000)	--	(122,952)	(112,952)
Contribution from stockholder.....	--	--	139,382	--	--	139,382
Services donated by stockholder..	--	--	250,000	--	--	250,000
Net loss.....	--	--	--	--	(2,985,326)	(2,985,326)
Balance, December 31, 1997.....	7,700,000	77,000	322,382	--	(3,108,278)	(2,708,896)
Effect of recapitalization..	--	--	(3,108,278)	--	3,108,278	--
Issuance of common stock....	2,300,000	23,000	44,000	--	--	67,000
Redemption and retirement of common stock....	(2,400,000)	(24,000)	24,000	--	--	--
Contribution by principal stockholder.....	--	--	1,782,000	--	--	1,782,000
Charge for services.....	--	--	720,000	--	--	720,000
Issuance of Series A preferred stock, net of issuance costs and value of warrants issued.....	--	--	996,000	--	--	996,000
Issuance of warrants to holders of notes payable.....	--	--	398,400	--	--	398,400
Issuance of Series B preferred stock pursuant to subscription agreements.....	--	--	--	--	--	--
Preferred stock						

dividends.....	--	--	--	--	(245,000)	(245,000)
Accretion of preferred stock to redemption value.....	--	--	--	--	(90,438)	(90,438)
Net loss.....	--	--	--	--	(6,800,010)	(6,800,010)
Balance, December 31, 1998.....	7,600,000	76,000	1,178,504	--	(7,135,448)	(5,880,944)
(Unaudited):						
Exercise of warrants.....	--	--	--	--		
Issuance of Series B preferred stock, net of issuance costs.....	--	--	3,300,000	--		
Issuance of common stock to Series A preferred stockholders....	--	--	--	--		
Directors stock option grant....	--	--	--	--		
Deferred stock-based compensation....	--	--	--	--		
Amortization of deferred stock-based compensation....	--	--	--	--		
Preferred stock dividends.....	--	210,000	--	77,000		
Accretion of preferred stock to redemption value.....	--	92,370	--	2,476		
Value of preferred stock beneficial conversion feature.....	--	--	--	9,400,000		
Net loss.....	--	--	--	--		
Balance, June 30, 1999 (Unaudited).....	2,100,000	$4,641,808	3,300,000	$11,479,476		
(Unaudited):						
Exercise of warrants.....	453,333	4,533	--	--	--	4,533
Issuance of Series B preferred stock, net of issuance costs.....	--	--	9,400,000	--	--	9,400,000
Issuance of common stock to Series A preferred stockholders....	450,000	4,500	(4,500)	--	--	--
Directors stock option grant....	--	--	800,000	--	--	800,000
Deferred stock-based compensation....	--	--	8,754,334	(8,754,334)	--	--

Amortization of deferred stock-based compensation....	--	--	--	1,089,192	--	1,089,192
Preferred stock dividends.....	--	--	--	--	(287,000)	(287,000)
Accretion of preferred stock to redemption value.....	--	--	--	--	(94,846)	(94,846)
Value of preferred stock beneficial conversion feature.....	--	--	--	--	(9,400,000)	(9,400,000)
Net loss.....	--	--	--	--	(6,571,029)	(6,571,029)
Balance, June 30, 1999 (Unaudited).....	8,503,333	$85,033	$20,128,338	$(7,665,142)	$(23,488,323)	$(10,940,094)

</TABLE>

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

PURCHASEPRO.COM, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Period From Inception (October 8, 1996) Through December 31, 1996	Year Ended December 31, 1997	Year Ended December 31, 1998	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
Cash flows from operating activities				(Unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Net loss.....	$(122,952)	$(2,985,326)	$(6,800,010)	$(3,480,875)	$(6,571,029)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization.....	2,983	159,441	252,892	117,550	188,553
Amortization of stock-based compensation....	--	--	--	--	1,089,192
Imputed interest.....	--	--	67,000	67,000	--
Amortization of debt discount.....	--	--	43,339	--	355,061
Provision for doubtful accounts.....	--	72,796	127,204	14,205	154,728
Non-cash services.....	--	250,000	720,000	720,000	800,000
(Increase) decrease in:					
Trade accounts receivable.....	--	(91,239)	(323,995)	(13,968)	(690,189)
Other receivables.....	--	(17,602)	(81,476)	(53,287)	8,617
Prepaid expenses and other.....	--	(113)	(19,887)	--	(55,406)
Increase (decrease) in:					
Accounts payable.....	3,500	140,681	(201,548)	(70,642)	107,042

Accrued liabilities...	46,589	513,150	74,140	(25,335)	347,561
Deferred revenues.....	--	46,541	118,271	168,712	12,858
Net cash used in operating activities.....	(69,880)	(1,911,671)	(6,024,070)	(2,556,640)	(4,253,012)
Cash flows from investing activities					
Purchase of property and equipment.....	(72,417)	(649,617)	(257,009)	(101,627)	(682,901)
Other assets.....	--	(4,903)	(102,527)	(36,088)	(619,586)
Net cash used in investing activities.....	(72,417)	(654,520)	(359,536)	(137,715)	(1,302,487)
Cash flows from financing activities					
Proceeds from notes payable and advances..	133,132	2,433,868	4,427,000	2,577,000	200,000
Repayment of notes payable and advances..	--	--	(3,362,000)	(3,362,000)	(1,350,000)
Issuance of common stock, net.....	10,000	--	--	--	4,533
Issuance of preferred stock and warrants, net.....	--	--	7,000,000	5,000,000	8,026,250
Contribution from stockholder.....	--	139,382	--	--	--
Net cash provided by financing activities.....	143,132	2,573,250	8,065,000	4,215,000	6,880,783
Increase in cash and cash equivalents.....	835	7,059	1,681,394	1,520,645	1,325,284
Cash and cash equivalents Beginning of period....	--	835	7,894	7,894	1,689,288
End of period.....	$ 835	$ 7,894	$ 1,689,288	$ 1,528,539	$ 3,014,572
Non-cash investing and financing activities					
Other assets acquired with note payable.....	$ --	$ --	$ 50,000	$ --	$ --
Other assets acquired with preferred stock..	$ --	$ --	$ --	$ --	$ 673,750
Contribution of notes payable to equity.....	$ --	$ --	$ 1,782,000	$ 1,782,000	$ 700,000
Cash paid for:					
Interest.....	$ 3,638	$ 96,852	$ 166,424	$ 166,424	$ 118,087

</TABLE>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information as of June 30, 1999 and for the six months endedJune 30, 1998 and 1999 is unaudited)

(1) The Company

Organization

Purchase Pro, Inc., a Nevada corporation, was incorporated on October 8, 1996 as an S corporation for federal income tax purposes. On January 12, 1998, PP International was incorporated in Nevada as a C corporation for federal income tax purposes. On January 15, 1998, PP International, Inc. changed its name to Purchase Pro International, Inc., and on June 1, 1999, changed its name to PurchasePro.com, Inc. (the "Company"). The Company initially authorized the issuance of 20,000,000 shares, $0.01 par value stock. On January 12, 1998, the Company issued 7,700,000 shares of common stock to the three stockholders of Purchase Pro, Inc. The Company's principal and controlling stockholder was the controlling stockholder of Purchase Pro, Inc. On January 15, 1998, the Company acquired substantially all of the assets and assumed substantially all of the liabilities of Purchase Pro, Inc. The purchase has been accounted for as a reorganization of companies under common control in a manner similar to a pooling of interests. Accordingly, the financial position and results of operations of the Company and Purchase Pro, Inc. have been included in the accompanying consolidated financial statements. In August 1998, the Company formed its wholly owned subsidiary, Hospitality Purchasing Systems, Inc., ("HPS"), a Nevada corporation.

Nature of Business

The Company is a provider of Internet business-to-business electronic commerce services. The Company's e-commerce solution is comprised of public and private communities called "e-marketplaces" where businesses can buy and sell a wide range of products and services over the Internet in an efficient, competitive and cost-effective manner. Subscribers to the Company's e-marketplaces need only an Internet connection, a Web browser and a PurchasePro.com membership in order to participate in interactive buying and selling communities. The e-marketplaces are customizable and scalable, utilizing an open-architecture platform that can be integrated with members' existing enterprise resource planning and accounting systems. The Company's solution leverages the growth, pervasiveness, low costs and community building nature of the Internet as a basis for e-commerce for the broad business-to-business market. The Company began developing its service in 1996 by closely evaluating the purchasing processes of the hospitality industry. The purchasing process of this industry is characterized by high volume, frequent purchases of a broad range of goods and services by a large number of geographically distributed buyers. The Company capitalized on the large-property purchasing expertise of several Las Vegas-based hotels and resorts to develop, test and validate its service.

The Company began testing the first working model of its primary software product in early 1997 and began selling membership subscriptions in April 1997. Until that time, the Company was considered a development-stage enterprise. HPS' principal operation is negotiating contracts on behalf of independent hotels and hotel management companies for which it receives fees and rebates. In August 1998, HPS acquired the rights to certain contracts previously managed by General Network Management Services, Inc. for $100,000 in the form of $50,000 cash and a $50,000 note payable.

From October 1996 to the commercial release of the service in April 1997, the Company primarily engaged in raising capital and recruiting employees to develop the e-marketplace software and network infrastructure. In April 1997, the Company released version 1.0 of its software, enabling members to transact e-commerce over its network and in late 1997, members were provided network connectivity over the Internet. In September 1998, the Company released version 3.0 that provides members access to e-marketplace enabling software and in February 1999, the Company released version 4.0, which allows members the

additional capability of building private e-marketplaces.

To date, substantially all of the Company's revenues have come from monthly membership subscription fees for access to e-marketplaces. Most members are companies that sell products and services to large hotels and resorts in Nevada and Florida. Subscription contracts can be cancelled by either party on as little as 30 days notice. The Company also provides Web site hosting services and ISP connectivity services for a fee and charges members a fee for processing their payments by electronic funds transfer or by credit card. In August 1998, HPS began generating transaction fees from group buying services provided to the hospitality industry. The Company considers its operations to be part of one operating segment.

The Company is subject to risks common to rapidly growing, technology-based companies, including rapid technological change, growth and commercial acceptance of the Internet, dependence on principal products, new product development, new product introductions and other activities of competitors, and a limited operating history.

The Company has experienced operating losses and negative cash flows from its operations since inception. For the foreseeable future, the Company expects to experience continuing operating losses and negative cash flows as management executes its current business plan. At December 31, 1998, the Company had cash and cash equivalents totaling approximately $1,690,000. In June 1999, the Company completed its Series B Preferred Stock Offering and received aggregate proceeds of $11,550,000. The Company's Board of Directors has authorized the filing of a registration statement with the Securities and Exchange Commission (the "SEC") that would permit the Company to sell shares of the Company's common stock in connection with a proposed initial public offering. Management believes that it has sufficient funds, including the proceeds from this offering, to sustain its current business plan through June 30, 2000. Management believes that additional financing would be required to support its current business plan past that time and further believes that such additional financing would come through public or private equity financing. If the IPO is not completed in a timely manner, the Company would seek such additional financing through a private financing or through collaborative or other arrangements with corporate sources.

(2) Significant Accounting Policies

Unaudited Interim Financial Information

The unaudited interim consolidated financial statements of the Company for the six months ended June 30, 1998 and 1999, included herein, have been prepared by the Company, without audit, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of the Company's operations and its cash flows for the six months ended June 30, 1998 and 1999. The accompanying unaudited interim consolidated financial statements are not necessarily indicative of full year results.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany balances and transactions have

been eliminated in consolidation.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of 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 U.S. 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. As a result, the majority of accounts receivable are collected upon processing of those transactions. The Company maintains an allowance for doubtful accounts based upon the expected collectibility of accounts receivable. During the years ended December 31, 1998 and 1997, no customers accounted for more than 10% of net revenues or net accounts receivable.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and notes payable are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

Cash and Cash Equivalents

Cash equivalents consist of investments in bank certificates of deposit and other interest bearing instruments with initial maturities of three months or less. Such investments are carried at cost which approximates fair value.

Property and Equipment

Property and equipment is stated at cost. Costs incurred for additions, improvements and betterments are capitalized as incurred. Costs for maintenance and repairs are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the determination of income. Depreciation and amortization are computed using the straight-line method over the following estimated service lives of the related assets:

<TABLE>

<S>	<C>
Computer equipment	3 years
Communication equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	3 years

</TABLE>

Revenue Recognition

Revenues are recorded, net of discounts, ratably over the period services are provided to subscribers and deferred revenues are recognized for amounts

received before services are provided. The Company does not charge initial sign-up fees to new subscribers. Transaction fees from group buying services represent fees from buyers and rebates from suppliers and are recorded, net of discounts, ratably over the period services are provided to participants. Other revenues include license fees, which are recognized ratably over the period services are provided. Other services, primarily website development, are recognized as services are provided.

Research and Development Costs

All costs in the development of the network, which are classified as research and development, are expensed as incurred. These costs generally consist of salaries and related benefits of personnel in developing enhanced or new functionality of the network. These costs are included in programming and development costs in the accompanying statements of operations.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Under APB No. 25, compensation expense is based on the difference, if any, on the date of the grant, between the fair value of the Company's stock and the exercise price.

Income Taxes

The Company accounts for income taxes according to SFAS No. 109, "Accounting for Income Taxes." Prior to 1998, PurchasePro, Inc., with the consent of its stockholders, elected to be taxed under Section 1372 of the Internal Revenue Code (the "Code") as an S corporation, which provides that, in lieu of corporate income taxes, the stockholders account for their pro rata share of the Company's items of income, deductions, losses, and credits. In connection with the reorganization of the Company in January 1998 (see Note 1), the Company, with the consent of its stockholders, elected to be taxed under the provisions of Subchapter C of the Code. As a result, the Company reclassified its cumulative net losses totaling $3,108,278 through the date of the reorganization to additional paid-in capital in the accompanying consolidated balance sheets.

Earnings (Loss) per Share

The Company follows the provisions of SFAS No. 128, "Earnings Per Share." In accordance with SFAS No. 128, basic earnings per share ("EPS') is computed by dividing net loss applicable to common stock by the weighted average common shares outstanding during the period. Pursuant to SEC Staff Accounting Bulletin No. 98, shares of common stock or convertible preferred stock are considered outstanding for all periods presented in the computation of basic and diluted EPS if issued for nominal consideration. Options, warrants or other common stock equivalents are considered outstanding for all periods presented in the computation of diluted EPS if issued for nominal consideration. For the period from inception (October 8, 1996) through December 31, 1996, for the years ended December 31, 1997 and 1998, and for the six months ended June 30, 1998 and 1999, the weighted average common shares outstanding used to compute diluted EPS includes the effect of warrants issued by the Company to acquire shares of common stock for $0.01 per share.

For those periods in which potentially dilutive securities such as stock options and convertible preferred stock have a dilutive effect, the weighted average shares outstanding used for computation of diluted EPS includes the

effect of these potentially dilutive securities.

Recently Issued Accounting Standards

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The FASB

recently proposed an amendment to SFAS No. 133, which would delay the effective date for one year. The Company currently does not engage in, nor does it expect to engage in, derivative or hedging activities, and therefore, the Company anticipates there will be no impact to its consolidated financial statements.

(3) Notes Payable

Principal Stockholder

The Company's principal stockholder and Chief Executive Officer (the "Principal Stockholder") provided funds to finance development of the Company's product. As of December 31, 1997, the total obligation to the Principal Stockholder was $2,518,000. In January 1998, the Company paid $813,000 to the Principal Stockholder with proceeds from the Lenders' Notes Payable (see below). The remaining obligation of $1,705,000 was formalized with a note payable. In April 1998, the Principal Stockholder advanced an additional $387,000 to the Company. In June 1998, the Company repaid $310,000 from the proceeds of the Series A Preferred Stock offering (see Note 5), and the Principal Stockholder contributed his remaining notes payable and advances totaling $1,782,000 to the Company in consideration for previously issued shares of common stock. The Company has included the $1,782,000 as additional paid-in capital in the accompanying consolidated balance sheets.

Lenders' Notes Payable

In January 1998, the Company issued promissory notes totaling $2,300,000 (the "Lenders' Notes Payable") to several individuals (the "Lenders"). Terms of the Lenders' Notes Payable provided for interest at 8% payable quarterly and 48 monthly principal payments beginning January 1999. In addition, the Lenders were issued 2,300,000 shares of the Company's common stock; however, if the Company repaid the Lenders' Notes Payable within 120 days, 1,150,000 of these shares were to be contributed back to the Company. The Company did not repay the Lenders' Notes Payable within 120 days; however, the Lenders' Notes Payable were repaid in June 1998 with proceeds from the Series A Preferred Stock offering. The Lenders ultimately contributed 1,475,000 shares of common stock back to the Company (see Note 5).

The Company allocated the $2,300,000 of proceeds between the Lenders' Notes Payable and the shares issued based on their estimated fair values. Accordingly, an additional $67,000 of interest expense was recorded with a corresponding credit to additional paid-in capital.

September 1998 Notes Payable

In September 1998, the Company issued promissory notes to three individuals, including the Principal Stockholder and a member of the Company's Board of Directors, totaling $1,500,000 (the "September 1998 Notes"). Terms of the September 1998 Notes require quarterly payments of interest at 15% and mature September 2000. In connection with the issuance of these notes, the Company issued 159,999 warrants to the note holders. Each warrant provides the holder

the right to purchase one share of Company common stock for $0.01 per share through September 2003. Using the Black-Scholes pricing model, the Company determined the value of these warrants to be $2.49 per share, or $398,400. The Company recognized the $398,400 as an original issue discount and is amortizing the discount to interest expense over the period from grant to maturity.

In June 1999, $700,000 of the notes payable were converted into 200,000 shares of Series B Preferred Stock, and the Company used $800,000 of the Series B proceeds to repay the remaining amounts outstanding (see Note 5).

Other Notes Payable

In January 1998, the Company repaid its obligation to a stockholder in connection with the sale of that stockholder's common shares to the Principal Stockholder. In addition to the outstanding principal of $49,000, the Company agreed to make payments of $60,000 to charities selected by the stockholder that was charged to interest expense.

In December 1998, the Principal Stockholder and the President of the Company advanced a total of $350,000 to the Company. In March 1999, the Principal Stockholder advanced an additional $200,000 to the Company. In connection with Series B Preferred Stock offering (see Note 5) the Company used proceeds of $450,000 and $100,000 to repay the Principal Stockholder and the President, respectively, for their advances.

HPS Note Payable

In connection with HPS' acquisition of certain assets from Network Management Services, Inc. (see Note 1), HPS issued a note payable for $50,000 that requires two payments of $25,000 each on July 31, 1999 and July 31, 2000.

(4) Commitments and Contingencies

Operating Leases

The Company is party to several non-cancelable lease agreements for certain equipment as well as its principal administrative offices. Rent expense under non-cancelable operating leases totaled $0, $148,298, and $279,872 for the period from inception (October 8, 1996) through December 31, 1996, and for the years ended December 31, 1997 and 1998, respectively. Minimum future lease obligations under non-cancelable operating leases in effect at December 31, 1998, are as follows:

<TABLE>
<CAPTION>

Year Ending December 31,	
<S>	<C>
1999	$ 576,657
2000	569,544
2001	505,754
2002	407,370
2003	205,077
Total	$2,264,402

</TABLE>

(5) Stockholders' Equity

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock. The Company designated 2,100,000 of these shares as 8% Series A Convertible Preferred Stock, par value $0.001 ("Series A"). In June 1998, the Company sold the 2,100,000 Series A shares at $2.50 per share. Net proceeds from the offering totaled $5,000,000, net of offering costs of $250,000, which were paid to a company that employs a member of the Company's Board of Directors.

Each Series A share has a liquidation price of $2.50 and is convertible into one share of the Company's common stock. The Series A is redeemable at the option of the holders commencing on June 1, 2003, at an aggregate liquidation value of $5,250,000. The Company recorded the Series A shares at their fair value, net of issuance costs. The Company is accreting the Series A to an aggregate liquidation value of $5,250,000 for

accounting purposes. Upon completion of a public offering of the Company's common stock, each outstanding share of Series A converts into one share of common stock and all rights of Series A stockholders shall cease.

Dividends on Series A accrue at the rate of 8% per annum and are payable when, and if, declared by the Board of Directors. At December 31, 1998 and June 30, 1999, cumulative unpaid dividends were $245,000 and $455,000, respectively.

In connection with the issuance of the Series A, the Company granted warrants to purchase a total of 400,000 shares of common stock, including warrants to purchase 380,000 shares to three members of the Company's Board of Directors and a company which employs one such director. Each warrant provides for the holder to purchase one share of Company common stock for $0.01 per share through June 1, 2003. Using the Black-Scholes pricing model, the Company determined that the value of the warrants was $996,000, as of the date of issuance. The value of the warrants has been recognized as a cost of issuance of the Series A shares.

In May 1999, the Company authorized 3,300,000 shares as 8% Series B Convertible Preferred Stock, par value $0.001 ("Series B"). Each Series B share has a liquidation price of $3.50 and is convertible into one share of common stock. The Series B is redeemable at the option of the holders commencing on June 1, 2003, at an aggregate liquidation value of $11,550,000. In June 1999, the Company completed its Series B offering of 3,300,000 shares and received aggregate proceeds of $11,400,000, net of offering costs of $150,000.

Prior to the completion of the Series B offering, the Company had received cash totaling $3,140,000 pursuant to Series B subscription agreements. Of this amount, $2,000,000 was received in December 1998, $500,000 was received in March 1999, and the remaining $640,000 was received in April 1999. The Series B shares subscribed and issued after December 1998 have a beneficial conversion feature totaling $9.4 million, measured as the difference between the conversion price of $3.50 per share and the fair value of the underlying common stock at the time of issuance. The beneficial conversion feature has been recorded as additional paid-in capital. The value of the beneficial conversion feature was recognized immediately because the Series B shares are convertible at the option of the holder.

Of the 3,300,000 Series B shares issued, 200,000 shares were issued to holders of the September 1998 Notes, including a former member of the Company's Board of Directors (see Note 3). The Company used cash proceeds from the Series B offering to repay $800,000 of the September 1998 Notes, including $500,000 to the Principal Stockholder, and to repay $450,000 and $100,000 of advances made by the Company's Principal Stockholder and President, respectively (see Note 3).

The Company issued 150,000 shares of Series B to acquire the assets of a software development company and for non-compete agreements with the owners of the company (see Note 9). In May 1999, the Company issued 42,500 shares of Series B to an individual in exchange for his rescission of a future right to acquire up to 35% of HPS.

Dividends on Series B accrue at the rate of 8% per annum and are payable when, and if, declared by the Board of Directors. At June 30, 1999, cumulative unpaid dividends were $77,000.

Common Stock

The Company has authorized the issuance of 40,000,000 shares of common stock. For the period from inception (October 8, 1996) through December 31, 1997, the Principal Stockholder contributed cash of $139,382 and services valued at $250,000 for his shares of common stock. The Principal Stockholder served as the Company's Chief Executive Officer during 1997 and did not receive a salary. The Company recognized compensation expense in the amount of $250,000 and a contribution to capital relating to the Principal Stockholder's services.

In connection with the repayment of the Lenders' Notes Payable in June 1998 (see Note 3), the Company and the Lenders entered into an agreement whereby 1,475,000 shares were contributed back to the Company. Accordingly, the number of shares held by the Lenders was reduced to 825,000. In connection with the same agreement and in connection with the Series A Preferred Stock offering, two of the founders of the Company contributed an aggregate of 925,000 shares of common stock to the Company.

In June 1998, the Principal Stockholder sold 300,000 of his shares to an unrelated third party for $0.10 per share. The Company recognized a charge of $720,000 that reflects the difference between the fair value of its stock on that date of $2.50 per share and the sales price. The third party provided significant assistance to the Company in obtaining subscriber contracts and, accordingly, the Company recorded the full amount of the charge to sales and marketing expense at the time the transaction occurred. During 1998, the Principal Stockholder sold an additional 1,470,000 shares of common stock that he owned to various individuals at prices that reflected their estimated fair value at the time of each sale.

In connection with the closing of the Series B Preferred Stock private placement in June 1999, the holders of Series A Preferred Stock were granted an aggregate 450,000 shares of common stock pursuant to certain anti-dilution rights of the holders of Series A Preferred Stock.

(6) Stock Option Plans

1998 Stock Option Plan--In 1998, the Company adopted an incentive stock option plan, the 1998 Plan, that provides for the granting of stock options pursuant to the applicable provisions of the Internal Revenue Code and regulations. The aggregate options available under the 1998 Plan are 3,000,000. As of December 31, 1998 and June 30, 1999, the Company had granted options totaling 705,850 and 2,355,280, respectively, to employees under the 1998 Plan. Generally, the options have five year terms and are exercisable as follows: Class A options, 50% at the end of each of the first two years after grant; Class B options, 33% at the end of each of the first three years after grant; and Class C options, 25% at the end of each of the first four years after the date of grant. Through December 31, 1998, and June 30, 1999, the Company had issued a total of 144,000 and 370,000, respectively options to non-employees,

including 75,000 and 205,000, respectively, issued to members of the Board of Directors. Options were issued with exercise prices ranging from $2.50 to $5.00. For the year ended December 31, 1998, the value of these options was determined to have a de minimis value using the Black-Scholes pricing model. For the six months ended June 30, 1999, the value of these options was determined to be approximately $1,100,000, of which $800,000 was charged to general and administrative expense for options granted to directors. The remaining amount will be amortized over the vesting periods of the options.

1999 Stock Option Plan--The 1999 Stock Plan was adopted by the Company's Board of Directors in June 1999, subject to approval by the Company's stockholders. The 1999 Stock Plan provides for the issuance of 1,500,000 shares of common stock, incentive stock options ("ISOs"), or non-statutory stock options to employees, directors, independent contractors and advisers. The number of shares eligible for issuance increases each year by 3.25% of the number of shares of common stock outstanding at the prior calendar year-end.

The exercise price for ISOs is generally at least 100% of the fair market value of the stock on the date of grant, and 110% for stockholders with 10% or more ownership of the Company. Vesting provisions are determined at the time of grant. The Company's Chairman and Chief Executive Officer is authorized to grant up to 25,000 options in each instance to employees, with the exercise price to be approved by the compensation committee of the Company's Board of Directors.

A summary of the options granted to employees under the Company's plans as of December 31, 1998 and June 30, 1999 is presented below (this does not include 144,000 and 370,000 options granted to non-employees as of December 31, 1998 and June 30, 1999, respectively):

<TABLE>
<CAPTION>

	December 31, 1998		June 30, 1999 (Unaudited)	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Options Outstanding, Beginning of period	--	$ --	705,850	$2.50
Granted	705,850	2.50	1,761,430	$3.50
Exercised	--	--	--	--
Cancelled	--	--	(112,000)	$2.53
Options Outstanding, End of period	705,850	$2.50	2,355,280	$3.25

</TABLE>

The following table summarizes information about the options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of	Number	Weighted Average Remaining	Weighted Average	Number	Weighted Average

Prices	Outstanding	Contract Life	Exercise Price	Exercisable	Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$2.50	705,850	1.8	$2.50	--	$ --

For stock options granted to employees from January through June 1999, the Company recorded deferred stock-based compensation of $8,800,000 for the difference at the grant date between the exercise price and the fair value of the Company's common stock. This amount is being amortized to operating expense over the vesting period of the individual options in accordance with FASB Interpretation 28. The Company applies the provisions of APB No. 25 and its related interpretations in accounting for its stock option plans. Accordingly, compensation expense recognized was different than what would have been otherwise recognized under the fair value based method defined in SFAS No. 123. Had the Company accounted for these plans under SFAS No. 123, the Company's net loss applicable to common stock and loss per share would have been reduced to the following pro forma amounts:

	Year Ended December 31, 1998
<S>	<C>
Net Loss Applicable to Common Stockholders	
As Reported	$(7,135,448)
Pro Forma	$(7,204,634)
Basic Loss per Share	
As Reported	$ (0.83)
Pro Forma	$ (0.84)
Diluted Loss per Share	
As Reported	$ (0.78)
Pro Forma	$ (0.79)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants for the years ended December 31, 1998: risk-free interest rate of 7%; no expected dividend yield; expected life of 1.5 years for Class A options, 2.0 years for Class B options, and 2.5 years for Class C options; and, an expected volatility of 0%.

(7) Earnings Per Share

The computations of basic and diluted earnings per share for each period were as follows:

	Inception (October 8, 1996) Through	For the Year Ended December 31,	For the Year Ended December 31,	For the Six Months Ended	For the Six Months Ended

	December 31, 1996	1997	1998	June 30, 1998	June 30, 1999
				(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>
Loss (Numerator)					
Net loss	$(122,952)	$(2,985,326)	$(6,800,010)	$(3,480,875)	$ (6,571,029)
Preferred stock dividends	--	--	(245,000)	(35,000)	(287,000)
Accretion of preferred stock to redemption value	--	--	(90,438)	--	(94,846)
Value of preferred stock beneficial conversion feature	--	--	--	--	(9,400,000)
Basic EPS					
Net loss applicable to common stockholders	$(122,952)	$(2,985,326)	$(7,135,448)	$(3,515,875)	$(16,352,875)
Diluted EPS					
Net loss applicable to common stockholders after assumed conversions	$(122,952)	$(2,985,326)	$(7,135,448)	$(3,515,875)	$(16,352,875)
Shares (Denominator)					
Basic EPS					
Net loss applicable to common stockholders	7,700,000	7,700,000	8,600,000	9,600,000	7,826,667
Effect of Dilutive Securities					
Warrants	559,999	559,999	559,999	559,999	559,999
Exercise of Warrants	--	--	--	--	(151,667)
Diluted EPS					
Net loss applicable to common stockholders after assumed conversions	8,259,999	8,259,999	9,159,999	10,159,999	8,234,999
Per Share Amount					
Basic EPS	$ (0.02)	$ (0.39)	$ (0.83)	$ (0.37)	$ (2.09)
Diluted EPS	$ (0.01)	$ (0.36)	$ (0.78)	$ (0.35)	$ (1.99)

</TABLE>

Options to purchase 0, 0, and 849,850 shares of common stock were outstanding as of December 31, 1996, 1997, and 1998, respectively, and options to purchase 0 and 2,725,280, respectively, shares of common stock were outstanding as of June 30, 1998 and 1999, respectively but were not included in the computation of diluted earnings per share because the Company incurred a loss in each of the periods presented and the effect would have been antidilutive.

(8) Income Taxes

SFAS No. 109 requires the recognition of deferred tax assets, net of applicable reserves, related to net operating loss carryforwards and certain temporary differences. The standard requires recognition of a future tax

benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied. At December 31, 1998, the Company believes that the "more likely than not" criteria have not been met, and accordingly, a valuation allowance has been recognized. The Company did not record any provision (benefit) for income taxes for the year ended December 31, 1998, because it experienced a net loss and generated a net operating loss of approximately $6,500,000, which expires in 2018. The Company's utilization of its net operating loss carryforward will be limited pursuant to Internal Revenue Code Section 382 due to cumulative changes in ownership in excess of 50% within a three-year period. Prior to 1998, Purchase Pro, Inc. was not subject to Federal or state income taxes.

A reconciliation of income tax benefit provided at the Federal statutory rate (35%) to income tax benefit is as follows:

<TABLE>
<CAPTION>

	Year Ended December 31, 1998
<S>	<C>
Income tax benefit computed at Federal statutory rate.....	$(2,380,000)
Permanent and other items.....	10,600
Change in valuation allowance.....	2,369,400
	$ --

</TABLE>

The major tax effected components of the Company's net deferred tax liability are as follows:

<TABLE>
<CAPTION>

	December 31, 1998
<S>	<C>
Deferred Tax Assets	
Net operating loss carryforward.....	$ 2,278,000
Trade accounts receivable.....	70,000
Deferred revenue.....	57,700
Accruals and reserves.....	36,300
	2,442,000
Less--valuation allowance.....	(2,369,400)
Total deferred tax assets.....	72,600
Deferred Tax Liabilities	
Depreciation and amortization.....	(72,600)
Total deferred tax liability, net.....	$ --

</TABLE>

(9) Related Party Transactions

Contract Services

One of the founding stockholders of the Company provided significant services designing the Company's service. The Company pays the stockholder for his continued services. Payments totaling $77,200, $105,380 and $72,000 are included in programming and development expense for the period from inception (October 8, 1996) through December 31, 1996, and for the years ended December 31, 1997 and 1998, respectively. There were no amounts owed to the stockholder as of December 31, 1998. In January 1998, concurrent with the

PURCHASEPRO.COM, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

acquisition of assets from Purchase Pro, Inc. (see Note 1), the stockholder and the Principal Stockholder transferred their rights in the technology to the Company.

Due from Other Companies

The Company has paid certain costs on behalf of a company owned by the Principal Stockholder. The Company then bills the other company for amounts owed. At December 31, 1998, there was $15,400 due to the Company, which is included in other receivables in the accompanying consolidated balance sheets. At December 31, 1997, there were no amounts due from the other company.

Office Space Rent

In 1998, the Company entered into an agreement to lease its corporate office space from a company owned by members of the Company's Board of Directors (see Note 4). Terms of the lease require monthly base payments of $29,297, which is adjusted on an annual basis, but in no case is the adjustment greater than 5%. During the year ended December 31, 1998, the Company did not pay any amounts under terms of the lease agreement and expense related to the lease totaled approximately $20,000. In management's opinion, the terms of the lease are comparable to terms that the Company would receive from a third party.

(10) Subsequent Events

In May 1999, the Company acquired substantially all of the assets of a software development company for $215,000 consisting of $75,000 cash and 40,000 shares of Series B preferred stock valued at $3.50 per share. The company has developed programs for the architectural, engineering and construction industry that provide an extension of Company's e-commerce services into that industry. The Company entered into five-year non-compete agreements with these individuals in exchange for 110,000 shares of Series B preferred stock (see Note 5).

Until , 1999 all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

[PurchasePro.com logo]

Prudential Securities

Jefferies & Company, Inc.

Volpe Brown Whelan & Company

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses expected to be incurred by the Registrant in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee.

<TABLE>
<CAPTION>

	Payable by Registrant
<S>	<C>
SEC registration fee	$ 16,625
National Association of Securities Dealers, Inc. filing fee	6,480
Blue Sky fees and expenses	5,000
Accounting fees and expenses	400,000
Legal fees and expenses	900,000
Printing and engraving expenses	450,000
Registrar and Transfer Agent's fees	50,000
Miscellaneous fees and expenses	131,895
Total	$1,960,000

</TABLE>

Item 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Sections 78.7502 and 78.751 of the Nevada General Corporation Law provides for the indemnification of officers, directors and other corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act"). Article VII of our articles of incorporation (Exhibit 3(i).2 hereto) provides for indemnification of our directors, officers, employees and other agents to the extent and under the circumstances permitted by Sections 78.7502 and 78.751 of the Nevada General Corporation Law. We have also entered into agreements with our directors and officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by law.

The Underwriting Agreement (Exhibit 1.1) provides for indemnification by ourselves, our underwriters and our directors and officers of the underwriters, for certain liabilities, including liabilities arising under the Securities Act, and affords certain rights of contribution with respect thereto.

Item 15. RECENT SALES OF UNREGISTERED SECURITIES

On January 12, 1998, Registrant sold and issued an aggregate of 7,700,000 shares of common stock to three founders for an aggregate purchase price of $399,382. Of these shares, 925,000 were subsequently contributed to capital and 2,228,000 were sold by affiliates of PurchasePro.com as follows:

- January 1998: 800,000 shares of common stock from Charles E. Johnson, Jr., a founder and the Chairman and Chief Executive Officer of Registrant, to Christopher P. Carton, the President and Chief Operating Officer of Registrant, at a purchase price of $0.01 per share, for cash consideration in the aggregate amount of $8,000.

- January 1998: Mr. Johnson granted Robert G. Layne options to purchase

125,000 shares of common stock owned by Mr. Johnson at $0.50 per share.

- January 1998: Mr. Johnson granted Larry Hancock options to purchase 100,000 shares of common stock owned by Mr. Johnson at $0.50 per share.

- June 1998: 75,000 shares of common stock from Mr. Johnson to Thomas Leahy at a purchase price of $0.10 per share, for cash consideration in the aggregate amount of $7,500.

- June 1998: 75,000 shares of common stock from Mr. Johnson to John Patrick Leahy at a purchase price of $0.10 per share, for cash consideration in the aggregate amount of $7,500.

- June 1998: 75,000 shares of common stock from Mr. Johnson to American Hotel Register at a purchase price of $0.10 per share, for cash consideration in the aggregate amount of $7,500.

- June 1998: 75,000 shares of common stock from Mr. Johnson to Robert Schmidt at a purchase price of $0.10 per share, for cash consideration in the aggregate amount of $7,500.

- June 1998: 6,000 shares of common stock from Mr. Carton to Peter Keseric at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $15,000.

- June 1998: 40,000 shares of common stock from Mr. Johnson to John Chiles at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $100,000.

- June 1998: 100,000 shares of common stock from Mr. Johnson to James N. Gray Co. at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $250,000.

- June 1998: 40,000 shares of common stock from Mr. Carton and 40,000 shares of common stock from Dr. Erickson to SC Holdings LLC at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $200,000.

- June 1998: 120,000 shares of common stock from Mr. Johnson to Bradley D. Redmon at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $300,000.

- August 1998: 80,000 shares of common stock from Mr. Johnson and 20,000 shares of common stock from Mr. Carton to Black Mountain Investment Group at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $250,000.

- September 1998: 20,000 shares of common stock from Mr. Carton to Richard Yukes at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $50,000.

- September 1998: 10,000 shares of common stock from Mr. Johnson to Bruce D. Smith at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $25,000.

- October 1998: 20,000 shares of common stock from Mr. Johnson to Scheiner Family Trust at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $50,000.

- October 1998: 15,000 shares of common stock from Mr. Johnson to Millenium Partners LLC at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $37,500.

- November 1998: 20,000 shares of common stock from Mr. Johnson to Gerald

F. Healy at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $50,000.

- November 1998: 20,000 shares of common stock from Mr. Johnson to Traxx Irrevocable Trust at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $50,000.

- December 1998: 10,000 shares of common stock from Mr. Johnson to Sigma XIII Irrevocable Trust at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $25,000.

- December 1998: 10,000 shares of common stock from Mr. Johnson to Woodford Webb at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $25,000.

- January 1999: 300,000 shares of common stock from Mr. Johnson to Earnest Hanna at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $750,000.

- January 1999: 8,000 shares of common stock from Dr. Erickson to Gerard Turiano at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $20,000.

- March 1999: 4,000 shares of common stock from Dr. Erickson to McDonalds Investment, Inc., for the benefit of Nicholas A. Perrino, at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $10,000.

- May 1999: 20,000 shares of common stock from Dr. Erickson to Maurice Gallagher at a purchase price of $2.50 per share, for cash consideration in the aggregate amount of $50,000.

- June 1999: 225,000 shares of common stock from Mr. Johnson to Stephen Dawahare at a purchase price of $3.50 per share, for consideration in the aggregate amount of $787,500 consisting of a release and an assignment of rights.

- June 1999: options to purchase 378,000 shares of common stock owned by Dr. Erickson from Dr. Erickson to Mr. Johnson for $13.23 per share.

In January 1998, Registrant sold and issued an aggregate of 2,300,000 shares of common stock to a group of 13 investors (the "Lexington Investor Group"), including Mr. Redmon, in connection with such investors' loan of $2,300,000 to Registrant pursuant to a Loan and Stock Purchase Agreement at a price per share of $0.03. The Lexington Investor Group subsequently contributed 1,475,000 of these shares of common stock back to Registrant in connection with the repayment of the investors' loan and the Series A Preferred Stock financing.

In June 1998, Registrant sold and issued an aggregate of 2,100,000 shares of Series A Preferred Stock, at a purchase price of $2.50 per share, for cash in the aggregate amount of $5,250,000 to a group of 38 investors, including the Gallagher Corporation, Flynn Corporation, Mr. Redmon and Mr. Chiles, pursuant to a Securities Purchase Agreement.

In June 1998, Registrant issued warrants to Jefferies & Company, Inc. to purchase 200,000 shares of common stock at a purchase price of $0.01 per share, in connection with assisting Registrant with its Series A Preferred Stock financing and other financial advisory services. These warrants were exercised in May 1999 and Jefferies & Company, Inc. was issued 200,000 shares of common stock.

In June 1998, Registrant issued warrants to John G. Chiles, at the direction of Jefferies & Company, Inc., to purchase 30,000 shares of common stock at a purchase price of $0.01 per share, in connection with assisting Registrant with

its Series A Preferred Stock financing and other financial advisory services. These warrants were exercised in May 1999 and Mr. Chiles was issued 30,000 shares of common stock.

In June 1998, Registrant issued warrants to purchase 170,000 shares of common stock to Ron Booth, Mr. Gallagher and Timothy Flynn at a purchase price of $0.01 per share, in connection with their investment in Registrant's Series A Preferred Stock. These warrants were exercised in February 1999 and these individuals were issued an aggregate of 170,000 shares of common stock.

In September 1998, Registrant issued warrants to purchase an aggregate of 159,999 shares of common stock to Mr. Johnson, Alex Boone, Mr. Gallagher, Mr. Flynn and RMC Capital Corporation at a purchase price of $0.01 per share, in connection with a loan made to Registrant by such individuals. Mr. Johnson exercised his warrant for 53,333 shares of common stock in June 1999.

In June 1999, Registrant sold and issued an aggregate of 3,300,000 shares of Series B Preferred Stock, at a purchase price of $3.50 per share, for cash in the aggregate amount of $11,550,000 to a group of 57 investors, including Mr. Gallagher, Mr. Flynn, Mr. Chiles, David I. Fuente and Mr. Redmon, pursuant to a Securities Purchase Agreement.

In June 1999, Registrant issued an aggregate of 450,000 shares of common stock to the holders of Series A Preferred Stock, consisting of 38 holders, including the Gallagher Corporation, Flynn Corporation, Mr. Redmon and Mr. Chiles, in consideration of these holders' waiver of certain anti-dilution rights triggered by the issuance of the Series B Preferred Stock.

As of June 30 1999, we have granted options to purchase 2,725,280 shares of common stock to employees, consultants and other service providers of PurchasePro.com under our 1998 Stock Option and Incentive Plan.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with the Registrant, to information about the Registrant.

Item 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

See exhibits listed on the Exhibit Index following the signature page of the Form S-1 which is incorporated herein by reference.

(b) Financial Statement Schedules

Schedules other than those referred to above have been omitted because they are not applicable or not required or because the information is included elsewhere in the Financial Statements or the notes thereto.

Item 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act"), may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or

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

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

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

(3) The Registrant will provide to the underwriters at the closing(s) specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on the 22nd day of July, 1999.

PURCHASEPRO.COM, INC.

By /s/ Charles E. Johnson, Jr.

Charles E. Johnson, Jr.
Chief Executive Officer and
Chairman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles E. Johnson, Jr. and Christopher P. Carton, and each of them, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this Registration Statement, and any registration statement relating to the offering covered by this Registration Statement and filed pursuant to Rule 462(b) under the Securities Act of 1933 and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power

and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Name	Title	Date
<C>	<S>	<C>
/s/ CHARLES E. JOHNSON, JR. Charles E. Johnson, Jr.	Chief Executive Officer and Chairman	July 22, 1999
* Christopher P. Carton	Chief Operating Officer, President, Secretary and Director	July 22, 1999
/s/ RICHARD C. ST. PETER Richard C. St. Peter	Senior Vice President, Chief Financial Officer and Treasurer	July 22, 1999
* Scott H. Miller	Vice President--Finance, Chief Accounting Officer	July 22, 1999
* John G. Chiles	Director	July 22, 1999
* David I. Fuente	Director	July 22, 1999
* J. Terrence Lanni	Director	July 22, 1999

</TABLE>

<TABLE>
<CAPTION>

Name	Title	Date
<S>	<C>	<C>
* Michael D. O'Brien	Director	July 22, 1999
* Bradley D. Redmon	Director	July 22, 1999

</TABLE>

*By: _____

/s/ Charles E. Johnson, Jr.

Charles E. Johnson, Jr.

(Attorney-in-Fact)

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNT

ACCOUNTS RECEIVABLE ALLOWANCES

<TABLE>
<CAPTION>

	Balances at the Beginning of the Period	Charged to Costs and Expenses	Deductions	Balances at the End of Period
<S>	<C>	<C>	<C>	<C>
Period From Inception (October 8, 1996) Through December 31, 1996.....	$ --	$ --	$ --	$ --
Year Ended December 31, 1997.....	$ --	$ 72,796	$ --	$ 72,796
Year Ended December 31, 1998.....	$72,796	$127,204	$ --	$200,000

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit Number	Description of Document
<C>	<S>
1.1	Form of Underwriting Agreement.
3(i).1**	Amended and Restated Articles of Incorporation.
3(i).2	Form of Amended and Restated Articles of Incorporation to be effective upon completion of this offering.
3(ii).1**	Bylaws of the Registrant, as amended.
3(ii).2	Form of Amended and Restated Bylaws to be effective upon completion of this offering.
4.1*	Form of Common Stock Certificate.
5.1*	Opinion of Pillsbury Madison & Sutro LLP.
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and officers.
10.2**	1998 Stock Option and Incentive Plan and forms of agreements thereunder.
10.3	1999 Stock Plan.
10.4**	Securities Purchase Agreement dated as of June 1, 1998 between Registrant and the purchasers of its Series A Preferred Stock.
10.5**	Securities Purchase Agreement dated as of April 30, 1999 between

Registrant and the purchasers of its Series B Preferred Stock.

10.6** First Amended and Restated Stockholders Agreement dated as of April 30, 1999 between the Registrant and the holders of Series A Preferred Stock and Series B Preferred Stock.

10.7+** Agreement dated as of January 4, 1999 between Registrant and the Greater Phoenix Chamber of Commerce.

10.8+ Software Agency and Services Agreement dated as of May 3, 1999 among Registrant, ZoomTown.com, Inc. and Bradley D. Redmon.

10.9+** Agreement dated as of May 1, 1999, between Registrant and Hospitalitycity pte ltd.

10.10 Agreement dated as of January 1999 between Registrant and E-Marketpro, LLC.

10.11 Letter of Employment between Registrant and Charles E. Johnson, Jr.

10.12 Letter of Employment between Registrant and Christopher P. Carton.

10.13 Employment Agreement between Registrant and Jeffrey A. Neppl.

10.14 Letter of Employment between Registrant and Robert G. Layne.

10.15 Warrant dated as of July 22, 1999, by and between Registrant and Office Depot, Inc.

10.16 Letter of Employment between Registrant and Richard C. St. Peter.

23.1 Consent of Arthur Andersen LLP.

23.2* Consent of Pillsbury Madison & Sutro LLP (included in Exhibit 5.1).

24.1 Power of Attorney (see Page II-5).

27.1 Financial Data Schedule.

</TABLE>

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* To be filed by amendment.

** Previously filed.

\+ Confidential treatment has been requested with respect to certain portions of these agreements.

EXHIBIT 1.1

PurchasePro.Com, Inc.

4,000,000 Shares/1/

Common Stock

UNDERWRITING AGREEMENT

, 1999
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PRUDENTIAL SECURITIES INCORPORATED
JEFFERIES & COMPANY, INC.
VOLPE BROWN WHELAN & COMPANY, LLC
As Representatives of the several Underwriters
c/o Prudential Securities Incorporated
One New York Plaza
New York, New York 10292

Ladies and Gentlemen:

PurchasePro.Com, Inc., a Nevada corporation (the "Company"), hereby confirms its agreement with the several underwriters named in Schedule 1 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (in such capacity, the "Representatives"), as set forth below in this Underwriting Agreement (the "Agreement").

1. Securities. Subject to the terms and conditions herein contained, the
---------- Company proposes to issue and sell to the several Underwriters an aggregate of 3,500,000 shares (the "Firm Securities") of the Company's common stock, par value $0.01 per share ("Common Stock"). The Company also proposes to issue and sell to the several Underwriters not more than 600,000 additional shares of Common Stock if requested by the Representatives as provided in Section 3 of this Agreement. Any and all shares of Common Stock to be purchased by the Underwriters pursuant to such option are referred to herein as the "Option Securities", and the Firm Securities and any Option Securities are collectively referred to herein as the "Securities".

2. Representations and Warranties of the Company. The Company represents
---------- --- and warrants to, and agrees with, each of the several Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-80165) with respect to the Securities, including a prospectus subject to completion, has been filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), and one or more amendments to such registration statement may have

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/1/ Plus an option to purchase from Purchase Pro.Com, Inc. up to 600,000 additional shares to cover over-allotments.

been so filed. After the execution of this Agreement, the Company will file with the Commission either (i) if such registration statement, as it may have been amended, has been declared by the Commission to be effective under the Act, either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Securities, that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements containing such information as is required or permitted by Rules 434, 430A and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been filed, in such registration statement), with such changes or insertions as are required by Rule 430A under the Act or permitted by Rule 424(b) under the Act, and in the case of either clause (i)(A) or (i)(B) of this sentence as have been provided to and approved by the Representatives prior to the execution of this Agreement, or (ii) if such registration statement, as it may have been amended, has not been declared by the Commission to be effective under the Act, an amendment to such registration statement, including a form of prospectus, a copy of which amendment has been furnished to and approved by the Representatives prior to the execution of this Agreement. The Company may also file a related registration statement with the Commission pursuant to Rule 462(b) under the Act for the purpose of registering certain additional Securities, which registration shall be effective upon filing with the Commission. As used in this Agreement, the term "Original Registration Statement" means the registration statement initially filed relating to the Securities, as amended at the time when it was or is declared effective, including all financial schedules and exhibits thereto and including any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined); the term "Rule 462(b) Registration Statement" means any registration statement filed with the Commission pursuant to Rule 462(b) under the Act (including the Registration Statement and any Preliminary Prospectus or Prospectus incorporated therein at the time such Registration Statement becomes effective); the term "Registration Statement" includes both the Original Registration Statement and any Rule 462(b) Registration Statement; the term "Preliminary Prospectus" means each prospectus subject to completion filed with such registration statement or any amendment thereto (including the prospectus subject to completion, if any, included in the Registration Statement or any amendment thereto at the time it was or is declared effective); the term "Prospectus" means:

(A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Securities that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements;

(B) if the Company does not rely on Rule 434 under the Act, the prospectus first filed with the Commission pursuant to Rule 424(b) under the Act; or

(C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to Rule 424(b) under the Act, the prospectus included in the Registration Statement;

and the term "Term Sheet" means any term sheet that satisfies the requirements of Rule 434 under the Act. Any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission it (i) contained all statements required to be stated therein in accordance with, and complied in all

material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder and (ii) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b) (or, if the Prospectus or part thereof or such amendment or supplement is not required to be so filed, when the Registration Statement or the amendment thereto containing such amendment or supplement to the Prospectus was or is declared effective) and on the Firm Closing Date and any Option Closing Date (both as hereinafter defined), the Prospectus, as amended or supplemented at any such time, (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (b) do not apply to statements or omissions made in any Preliminary Prospectus, the Registration Statement or any amendment thereto or the Prospectus or any

amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(c) If the Company has elected to rely on Rule 462(b) and the Rule 462(b) Registration Statement has not been declared effective (i) the Company has filed a Rule 462(b) Registration Statement in compliance with and that is effective upon filing pursuant to Rule 462(b) and has received confirmation of its receipt and (ii) the Company has given irrevocable instructions for transmission of the applicable filing fee in connection with the filing of the Rule 462(b) Registration Statement, in compliance with Rule 111 promulgated under the Act or the Commission has received payment of such filing fee.

(d) The Company and each of its subsidiaries have been duly organized and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation and are duly qualified to transact business as foreign corporations and are in good standing under the laws of all other jurisdictions where the ownership or leasing of their respective properties or the conduct of their respective businesses requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole.

(e) The Company and each of its subsidiaries have full power (corporate and other) to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement and the Prospectus or, if the Prospectus is not in existence, the most recent Preliminary Prospectus; and the Company has full power (corporate and other) to enter into this Agreement and to carry out all the terms and provisions hereof to be carried out by it.

(f) The issued shares of capital stock of each of the Company's subsidiaries have

been duly authorized and validly issued, are fully paid and nonassessable and are wholly owned beneficially by the Company free and clear of any security interests, liens, encumbrances, equities or claims.

(g) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus or, if the Prospectus is not in existence, the most recent Preliminary Prospectus. All of the issued shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable. The Firm Securities and the Option Securities have been duly authorized and at the Firm Closing Date or the related Option Closing Date (as the case may be), after payment therefor in accordance herewith, will be validly issued, fully paid and nonassessable. No holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities, and no holder of securities of

the Company has any right which has not been fully exercised or waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this agreement.

(h) The capital stock of the Company conforms to the description thereof contained in the Prospectus or, if the Prospectus is not in existence, the most recent Preliminary Prospectus.

(i) Except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), there are no outstanding (A) securities or obligations of the Company or any of its subsidiaries convertible into or exchangeable for any capital stock of the Company or any such subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any such subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (C) obligations of the Company or any such subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options.

(j) The consolidated financial statements and schedules of the Company and its consolidated subsidiaries included in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) fairly present the financial position of the Company and its consolidated subsidiaries and the results of operations and changes in financial condition as of the dates and periods therein specified. Such financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein). The selected financial data set forth under the caption "Selected Financial and Operating Data" in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) fairly present, on the basis stated in the Prospectus (or such Preliminary Prospectus), the information included therein.

(k) Arthur Andersen LLP, who have certified certain financial statements of the Company and its consolidated subsidiaries and delivered their report with respect to the audited consolidated financial statements and schedules included in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), are independent public accountants as required by the Act and the applicable rules and regulations thereunder.

(l) The execution and delivery of this Agreement have been duly authorized by the Company and this Agreement has been duly executed and delivered by the Company, and is the

valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

(m) No legal or governmental proceedings are pending to which the Company or any of its subsidiaries is a party or to which the property of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), and no such proceedings have been threatened against the Company or any of its subsidiaries or with respect to any of their respective properties; and no contract or other document is required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement that is not described therein (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) or filed as required.

(n) The issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement and the consummation of the other transactions herein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained, such as may be required under state securities or blue sky laws and, if the registration statement filed with respect to the Securities (as amended) is not effective under the Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties are bound, or the charter documents or by-laws of the Company or any of its subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of its subsidiaries.

(o) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus or, if the Prospectus is not in existence, the most recent Preliminary Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth, or results of the operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus or, if the Prospectus is not in existence, the most recent Preliminary Prospectus.

(p) The Company has not, directly or indirectly, (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the

Securities or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(q) The Company has not distributed and, prior to the later of (i) the Closing Date and

(ii) the completion of the distribution of the Securities, will not distribute any offering material in connection with the offering and sale of the Securities other than the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or other materials, if any permitted by the Act.

(r) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), (1) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (2) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its consolidated subsidiaries, except in each case as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(s) The Company and each of its subsidiaries have good and marketable title in fee simple to all items of real property and marketable title to all personal property owned by each of them, in each case free and clear of any security interests, liens, encumbrances, equities, claims and other defects, except such as do not materially and adversely affect the value of such property and do not interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and any real property and buildings held under lease by the Company or any such subsidiary are held under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such subsidiary, in each case except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(t) No labor dispute with the employees of the Company or any of its subsidiaries exists or is threatened or imminent that could result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(u) The Company and its subsidiaries own or possess, or can acquire on reasonable terms, all material patents, patent applications, trademarks, service

marks, trade names, licenses, copyrights and proprietary or other confidential information currently employed by them in connection with their respective businesses, and neither the Company nor any such subsidiary has received any notice of infringement of or conflict with asserted rights of any third party with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(v) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the

Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(w) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(x) The Company and its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(y) The Company will conduct its operations in a manner that will not

subject it to registration as an investment company under the Investment Company Act of 1940, as amended, and this transaction will not cause the Company to become an investment company subject to registration under such Act.

(z) The Company has filed all foreign, federal, state and local tax returns that are required to be filed or has requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the Company and its subsidiaries) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(aa) Neither the Company nor any of its subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health or to the storage, handling or transportation of hazardous or toxic materials and the Company and its subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each such subsidiary is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate, result in a material adverse change in the condition (financial or otherwise),

business prospects, net worth or results of operations of the Company and its subsidiaries, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(bb) Each certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(cc) Except for the shares of capital stock of each of the subsidiaries owned by the Company and such subsidiaries, neither the Company nor any such subsidiary owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(dd) There are no holders of securities of the Company, who, by reason of the filing of the Registration Statement, have the right (and have not waived such right) to request the Company to register under the Act, or to include in the Registration Statement, securities held by them.

(ee) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ff) No default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties is bound or may be affected in any material adverse respect with regard to property, business or operations of the Company and its subsidiaries.

3. Purchase, Sale and Delivery of the Securities. (a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, at a purchase price of $_____ per share, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule 1 hereto. One or more certificates in definitive form for the Firm Securities that the several Underwriters have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Representatives request upon notice to the Company at least 48 hours prior to the Firm Closing Date, shall be delivered by or on behalf of the Company to the Representatives for the respective accounts of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer in same-day funds (the "Wired Funds") to the account of the Company. Such delivery of and payment for the Firm Securities shall be made at the offices of Pillsbury

Madison & Sutro LLP, 235 Montgomery Street, San Francisco, California at 9:30 A.M., New York time, on _____, 1999 or at such other place, time or date as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 9 hereof, such time and date of delivery against payment being herein referred to as the "Firm Closing Date". The Company will make such certificate or certificates for the Firm Securities available for checking and packaging by the Representatives at the offices in New York, New York of the Company's transfer agent or registrar or of Prudential Securities Incorporated at least 24 hours prior to the Firm Closing Date.

(b) For the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Securities as contemplated by the Prospectus, the Company hereby grants to the several Underwriters an option to purchase, severally and not jointly, the Option Securities. The purchase price to be paid for any Option Securities shall be the same price per share as the price per share for the Firm Securities set forth above in paragraph (a) of this Section 3. The option granted hereby may be exercised as to all or any part of the Option Securities from time to time within thirty (30) days after the date of the Prospectus (or, if such exercise date shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange is open for trading). The Underwriters shall not be under any obligation to purchase any of the Option Securities prior to the exercise of such option. The Representatives may from time to time exercise the option granted hereby by giving notice in writing or by telephone (confirmed in writing) to the Company setting forth the aggregate number of Option Securities as to which the several Underwriters are then exercising the option and the date and time for delivery of and payment for such Option Securities. Any such date of delivery shall be determined by the Representatives but shall not be earlier than two business days or later than five business days after such exercise of the option and, in any event, shall not be earlier than the Firm Closing Date. The time and date set forth in such notice, or such other time on such other date as the Representatives and Company may agree upon or as the Representatives may determine pursuant to Section 9 hereof, is herein called the "Option Closing Date" with respect to such Option Securities. Upon exercise of the option as provided herein, the Company shall become obligated to sell to each of the several Underwriters, and, subject to the terms and conditions herein set forth, each of the Underwriters (severally and not jointly) shall become obligated to purchase from the Company, the same percentage of the total number of the Option Securities as to which the several Underwriters are then exercising the option as such Underwriter is obligated to purchase of the aggregate number of Firm Securities, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares. If the option is exercised as to all or any portion of the Option Securities, one or more certificates in definitive form for such Option Securities, and payment therefor, shall be delivered on the related Option Closing Date in the manner, and upon the terms and conditions, set forth in paragraph (a) of this Section 3, except that reference therein to the Firm Securities and the Firm Closing Date shall be deemed, for purposes of this paragraph (b), to refer to such Option Securities and Option Closing Date, respectively.

(c) The Company hereby acknowledges that the wire transfer by or on behalf of the Underwriters of the purchase price for any Shares does not constitute closing of a purchase and sale of the Shares. Only execution and delivery of a receipt for Shares by the Underwriters indicates completion of the closing of a purchase of the Shares from the Company. Furthermore, in the event that the Underwriters wire funds to the Company prior to the completion of the closing of a purchase of Shares, the Company hereby acknowledges that until the Underwriters execute and deliver a receipt for the Shares, by facsimile or otherwise, the Company will not be entitled to

the Wired Funds and shall return the Wired Funds to the Underwriters as soon as practicable (by wire transfer of same-day funds) upon demand. In the event that the closing of a purchase of Shares is not completed and the Wired Funds are not returned by the Company to the Underwriters on the same day the Wired Funds were received by the Company, the Company agrees to pay to the Underwriters in respect of each day the Wired Funds are not returned by it, in same-day funds, interest on the amount of such Wired Funds in an amount representing the Underwriters' cost of financing as reasonably determined by Prudential Securities Incorporated.

(d) It is understood that any of you, individually and not as one of the Representatives, may (but shall not be obligated to) make payment on behalf of any Underwriter or Underwriters for any of the Securities to be purchased by such Underwriter or Underwriters. No such payment shall relieve such Underwriter or Underwriters from any of its or their obligations hereunder.

4. Offering by the Underwriters. Upon your authorization of the release of the Firm Securities, the several Underwriters propose to offer the Firm Securities for sale to the public upon the terms set forth in the Prospectus.

5. Covenants of the Company. The Company covenants and agrees with each of the Underwriters that:

(a) The Company will use its best efforts to cause the Registration Statement, if not effective at the time of execution of this Agreement, and any amendments thereto to become effective as promptly as possible. If required, the Company will file the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. During any time when a prospectus relating to the Securities is required to be delivered under the Act, the Company (i) will comply with all requirements imposed upon it by the Act and the rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and of the Prospectus, as then amended or supplemented, and (ii) will not file with the Commission the prospectus, Term Sheet or the amendment referred to in the second sentence of Section 2(a) hereof, any amendment or supplement to such Prospectus, Term Sheet or any amendment to the Registration Statement or any Rule 462(b) Registration Statement of which the Representatives previously have been advised and furnished with a copy for a reasonable period of time prior to the proposed filing and as to which filing the Representatives shall not have given their consent. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendments to the Registration Statement or amendments or supplements to the Prospectus that may

be necessary or advisable in connection with the distribution of the Securities by the several Underwriters, and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective by the Commission as promptly as possible. The Company will advise the Representatives, promptly after receiving notice thereof, of the time when the Registration Statement or any amendment thereto has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(b) The Company will advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (i) the issuance by the Commission of any stop order suspending the effectiveness of the Original Registration Statement or any Rule 462(b) Registration

Statement or any amendment thereto or any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, (ii) the suspension of the qualification of the Securities for offering or sale in any jurisdiction, (iii) the institution, threatening or contemplation of any proceeding for any such purpose or (iv) any request made by the Commission for amending the Original Registration Statement or any Rule 462(b) Registration Statement, for amending or supplementing the Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(c) The Company will arrange for the qualification of the Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Representatives may designate and will continue such qualifications in effect for as long as may be necessary to complete the distribution of the Securities, provided, however, that in connection therewith the Company shall
not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(d) If, at any time prior to the later of (i) the final date when a prospectus relating to the Securities is required to be delivered under the Act or (ii) the Option Closing Date, any event occurs as a result of which the Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Prospectus to comply with the Act or the rules or regulations of the Commission thereunder, the Company will promptly notify the Representatives thereof and, subject to Section 5(a) hereof, will prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus that corrects such statement or omission or effects such compliance.

(e) The Company will, without charge, provide (i) to the Representatives and to counsel for the Underwriters a conformed copy of the registration statement originally filed with respect to the Securities and each amendment thereto (in each case including exhibits thereto) or any Rule 462(b) Registration Statement, certified by the Secretary or an Assistant Secretary of the Company to be true and complete copies thereof as filed with the Commission by electronic transmission, (ii) to each other Underwriter, a conformed copy of such registration statement or any Rule 462(b) Registration Statement and each amendment thereto (in each case without exhibits thereto) and (iii) so long as a prospectus relating to the Securities is required to be delivered under the Act, as many copies of each Preliminary Prospectus or the Prospectus or any amendment or supplement thereto as the Representatives may reasonably request; without limiting the application of clause (iii) of this sentence, the Company, not later than (A) 6:00 P.M., New York City time, on the date of determination of the public offering price, if such determination occurred at or prior to 10:00 A.M., New York City time, on such date or (B) 2:00 P.M., New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 10:00 A.M., New York City time, on such date, will deliver to the Underwriters, without charge, as many copies of the Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the Firm Closing Date. The Company will provide or cause to be provided to each of the Representatives, and to each Underwriter that so requests in writing, a copy of each report on Form SR filed by the Company as required by Rule 463 under the Act.

(f) The Company, as soon as practicable, will make generally available to its securityholders and to the Representatives a consolidated earnings statement of the Company and its subsidiaries that satisfies the provisions of Section 11(a) of the Act and Rule 158 thereunder.

(g) The Company will apply the net proceeds from the sale of the Securities as set forth under "Use of Proceeds" in the Prospectus.

(h) The Company will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of any option to purchase or other sale or disposition) of any shares of Common Stock or any securities convertible into, or exchangeable or exercisable for, shares of Common Stock for a period of 180 days after the date hereof, except pursuant to this Agreement and except for issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

(i) The Company will not, directly or indirectly, (i) take any action designed to cause or to result in, or that has constituted or which might

reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) (A) except as contemplated by this Agreement, sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of, the Securities or (B) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(j) The Company will obtain the agreements described in Section 7(g) hereof prior to the Firm Closing Date.

(k) If at any time during the 25-day period after the Registration Statement becomes effective or the period prior to the Option Closing Date, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price of the Common Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus), the Company will, after notice from you advising the Company to the effect set forth above, forthwith prepare, consult with you concerning the substance of, and disseminate a press release or other public statement, reasonably satisfactory to you, responding to or commenting on such rumor, publication or event.

(l) If the Company elects to rely on Rule 462(b), the Company shall both file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) and pay the applicable fees in accordance with Rule 111 promulgated under the Act by the earlier of (i) 10:00 P.M. Eastern time on the date of this Agreement and (ii) the time confirmations are sent or given, as specified by Rule 462(b)(2).

(m) The Company will cause the Securities to be duly included for quotation on The Nasdaq Stock Market's National Market (the "Nasdaq National Market") prior to the Firm Closing Date. The Company will ensure that the Securities remain included for quotation on the Nasdaq National Market following the Firm Closing Date.

6. Expenses. The Company will pay all costs and expenses incident to the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 11 hereof, including all costs and expenses incident to (i) the printing or other production of documents with respect to the transactions, including any costs of printing the registration statement originally filed with respect to the Securities and any amendment thereto, any Rule 462(b) Registration Statement, any Preliminary Prospectus and the Prospectus and any amendment or supplement thereto, this Agreement and any blue sky memoranda, (ii) all arrangements relating to the delivery to the Underwriters of copies of the foregoing documents, (iii) the fees and disbursements of the counsel, the accountants and any other experts or advisors retained by the Company, (iv)

preparation, issuance and delivery to the Underwriters of any certificates evidencing the Securities, including transfer agent's and registrar's fees, (v) the qualification of the Securities under state securities and blue sky laws, including filing fees and fees and disbursements of counsel for the Underwriters relating thereto, (vi) the filing fees of the Commission and the National Association of Securities Dealers, Inc. relating to the Securities, (vii) any quotation of the Securities on the Nasdaq National Market, (viii) any meetings with prospective investors in the Securities (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters) and (ix) advertising relating to the offering of the Securities (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters). If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 7 hereof is not satisfied, because this Agreement is terminated pursuant to Section 11 hereof or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. The Company shall not in any event be liable to any of the Underwriters for the loss of anticipated profits from the transactions covered by this Agreement.

7. Conditions of the Underwriters' Obligations. The obligations of the several Underwriters to purchase and pay for the Firm Securities shall be subject, in the Representatives' sole discretion, to the accuracy of the representations and warranties of the Company contained herein as of the date hereof and as of the Firm Closing Date, as if made on and as of the Firm Closing Date, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its covenants and agreements hereunder and to the following additional conditions:

(a) If the Original Registration Statement or any amendment thereto filed prior to the Firm Closing Date has not been declared effective as of the time of execution hereof, the Original Registration Statement or such amendment and, if the Company has elected to rely upon Rule 462(b), the Rule 462(b) Registration Statement shall have been declared effective not later than the earlier of (i) 11:00 A.M., New York time, on the date on which the amendment to the registration statement originally filed with respect to the Securities or to the Registration Statement, as the case may be, containing information regarding the initial public offering price of the Securities has been filed with the Commission and (ii) the time confirmations are sent or given as specified by Rule 462(b)(2), or with respect to the Original Registration Statement, or such later time and date as shall have been consented to by the Representatives; if required, the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto shall

have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act; no stop order suspending the effectiveness of the Registration Statement or any amendment thereto shall have been issued, and no proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise).

(b) The Representatives shall have received an opinion, dated the Firm Closing Date, of Pillsbury Madison & Sutro LLP, counsel for the Company, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Nevada.

(ii) The Company has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus.

(iii) The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction, if any, in which the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified or be in good standing would not have a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company and its subsidiaries considered as one enterprise. To our knowledge, the Company does not own or control, directly or indirectly, any corporation, association or other entity other than Hospitality Purchasing Systems, Inc.

(iv) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus under the caption "Capitalization" as of the dates stated therein, the issued and outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and nonassessable, and, to our knowledge, will not have been issued in violation of or subject to any preemptive right, co-sale right, registration right, right of first refusal or other similar right.

(v) The Shares to be issued by the Company pursuant to the terms of the Underwriting Agreement have been duly authorized and, upon issuance and delivery against payment therefor in accordance with the terms of the Underwriting Agreement, will be duly and validly issued and fully paid and nonassessable, and will not have been issued in violation of or subject to any preemptive right, co-sale right, registration right, right of first refusal or other similar right.

(vi) The Company has the corporate power and authority to enter into the Underwriting Agreement and to issue, sell and deliver to the Underwriters the Shares to be issued and sold by it under the terms of the

Underwriting Agreement.

(vii) The Underwriting Agreement has been duly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery by you, is a valid and binding agreement of the Company, enforceable in accordance with its terms, except insofar as indemnification and contribution provisions may be limited by applicable law and except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally or by general equitable principles.

(viii) The Registration Statement has become effective under the Securities Act and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the Securities Act.

(ix) The Registration Statement and the Prospectus, and each amendment or supplement thereto (other than the financial statements (including supporting schedules) and financial data derived therefrom as to which we express no opinion), as of the effective date of the Registration Statement, complied as to form in all material respects with the requirements of the Securities Act and the applicable rules and regulations thereunder.

(x) The information in the Prospectus under the caption "Description of Capital Stock," to the extent that it constitutes matters of law or legal conclusions, has been reviewed by us and is a fair summary of such matters and conclusions. law.

(xi) The description in the Registration Statement and the Prospectus of the charter and bylaws of the Company and of statutes are accurate and fairly present the information required to be presented by the Securities Act and the applicable rules and regulations thereunder.

(xii) To our knowledge, there are no agreements, contracts, leases or documents to which the Company is a party of a character required to be described or referred to in the Registration Statement or Prospectus or to be filed as an exhibit to the Registration Statement which are not described or referred to therein or filed as required.

(xiii) The performance of the Underwriting Agreement and the consummation of the transactions therein contemplated (other than performance of the Company's indemnification and contribution obligations thereunder, concerning which we express no opinion) will not (a) result in any violation of the Company's charter or bylaws or (b) to our knowledge,

result in a material breach or violation of any of the terms and provisions of, or constitute a default under, any bond, debenture, note or other evidence of indebtedness, or any lease, contract, indenture, mortgage, deed of trust, loan agreement, joint venture or other agreement or instrument known to us to which the Company is a party or by which its properties are bound, or any applicable statute, rule or regulation known to us, or to our knowledge, any order, writ or decree of any court, government or governmental agency or body having jurisdiction over the Company or any of its subsidiaries, or over any of their properties or operations.

(xiv) No consent, approval, authorization or order of or qualification with any court, government or governmental agency or body having jurisdiction over the Company or any of its subsidiaries, or over any of their properties or operations, is necessary in connection with the consummation by the Company of the transactions contemplated in the Underwriting Agreement, except such as have been obtained under the Securities Act or such as may be required under state or other securities or Blue Sky laws in connection with the purchase and the distribution of the Shares by the Underwriters.

(xv) To our knowledge, there are no legal or governmental proceedings pending or threatened against the Company or Hospitality Purchasing Systems, Inc. of a character required to be disclosed in the Registration Statement or the Prospectus by the Securities Act or any of the applicable rules and regulations thereunder, other than those described therein.

(xvi) Hospitality Purchasing Systems, Inc. has been duly incorporated and is validly existing as a corporation in good standing in Nevada; and all the issued shares of capital stock of Hospitality Purchasing Systems, Inc. have been duly and validly issued, are fully paid and nonassessable, and are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims.

(xvii) The Shares have been approved for inclusion on the NASDAQ National Market System.

Such counsel shall also state that they have no reason to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as of its date or the date of such opinion, included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible

officers of the Company and public officials and, as to matters involving the application of laws of any jurisdiction other than the State of New York or the United States, to the extent satisfactory in form and scope to counsel for the Underwriters, upon the opinion of Jones Vargas, Nevada counsel. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of Jones Vargas, Nevada counsel, and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement and the Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion.

(c) The Representatives shall have received an opinion, dated the Firm Closing Date, of Workman, Nydegger & Seeley, intellectual property counsel for the Company, to the effect that:

Such counsel are familiar with the technology used by the company in its business and the manner of its use thereof and have read the Registration Statement and the Prospectus, including particularly the portions of the Registration Statement and the Prospectus referring to patents, trade secrets, trademarks, service marks or other proprietary information or materials and:

(i) neither the Registration Statement nor the Prospectus (A) contains any untrue statement of a material fact with respect to patents, trade secrets, trademarks, service marks or other proprietary information or materials owned or used by the Company, or the manner of its use thereof, or any allegation on the part of any person that the Company is infringing any patent rights, trade secrets, trademarks, service marks or other proprietary information or materials of any such person or (B) omits to state any material fact relating to patents, trade secrets, trademarks, service marks or other proprietary information or materials owned or used by the Company, or the manner of its use thereof, or any allegation of which such counsel have knowledge, that is required to be stated in the Registration Statement or the Prospectus or is necessary to make the statement therein not misleading;

(ii) there are no legal or governmental proceedings pending relating to patent rights, trade secrets, trademarks, service marks or other proprietary information or materials of the Company, and to the best of such counsel's knowledge no such proceedings are threatened or contemplated by governmental authorities or others;

(iii) to the best of such counsel's knowledge, the Company is not infringing or

otherwise violating any patents, trade secrets, trademarks, service marks or other proprietary information or materials of others, and to the best of such counsel's knowledge there are no infringements by others of any of the

Company's patents, trade secrets, trademarks, service marks or other proprietary information or materials which in the judgment of such counsel could affect materially the use thereof by the Company; and

(iv) the Company owns or possesses sufficient licenses or other rights to use all patents, trade secrets, trademarks, service marks or other proprietary information or materials necessary to conduct the business now being or proposed to be conducted by the Company as described in the Prospectus, except where the failure to own or possess such rights would not have a material adverse effect on the Company's business, financial condition or results of operations.

(d) The Representatives shall have received an opinion, dated the Firm Closing Date, of Orrick, Herrington & Sutcliffe LLP, counsel for the Underwriters, with respect to the issuance and sale of the Firm Securities, the Registration Statement and the Prospectus, and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters. In rendering such opinion, such counsel may rely as to all matters of law upon the opinion of Jones Vargas referred to in paragraph (b) above.

(e) The Representatives shall have received from Arthur Andersen LLP a letter or letters dated, respectively, the date of the Preliminary Prospectus, the date hereof and the Firm Closing Date, in form and substance satisfactory to the Representatives, to the effect that:

(i) they are independent accountants with respect to the Company and its consolidated subsidiaries within the meaning of the Act and the applicable rules and regulations thereunder;

(ii) in their opinion, the audited consolidated financial statements and schedules and pro forma financial statements examined by them and included in the Registration Statement and the Prospectus comply in form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(iii) on the basis of a reading of the latest available interim unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries, carrying out certain specified procedures (which do not constitute an examination made in accordance with generally accepted auditing standards) that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (iii), a reading of the minute books of the shareholders, the board of directors and any committees thereof of the Company and each of its consolidated subsidiaries, and inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters, nothing came to their attention that caused them to believe that:

(A) the unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries included in the Registration

Statement and the

Prospectus do not comply in form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations thereunder or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements included in the Registration Statement and the Prospectus;

(B) at a specific date not more than five business days prior to the date of such letter, there were any changes in the capital stock or long-term debt of the Company and its consolidated subsidiaries or any decreases in net current assets or stockholders' equity of the Company and its consolidated subsidiaries, in each case compared with amounts shown on the June 30, 1999 unaudited consolidated balance sheet included in the Registration Statement and the Prospectus, or for the period from July 1, 1999 to such specified date there were any decreases, as compared with [insert appropriate comparative period or, if no appropriate period exists, insert dollar amounts for each item], in sales, net revenues, net income before income taxes or total or per share amounts of net income of the Company and its consolidated subsidiaries [conform the above list of items to line items in financial statements and add other line items as appropriate], except in all instances for changes, decreases or increases set forth in such letter;

(C) they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information that are derived from the general accounting records of the Company and its consolidated subsidiaries and are included in the Registration Statement and the Prospectus and have compared such amounts, percentages and financial information with such records of the Company and its consolidated subsidiaries and with information derived from such records and have found them to be in agreement, excluding any questions of legal interpretation[; and][.]

(D) on the basis of a reading of the unaudited pro forma consolidated condensed financial statements included in the Registration Statement and the Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (D), inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters and proving the arithmetic accuracy of the application of the pro forma adjustments to the

historical amounts in the unaudited pro forma consolidated condensed financial statements, nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the obligations of the Underwriters that (A) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (B) such changes, decreases or increases do not, in the sole judgment of the Representatives, make it impractical or inadvisable to proceed with the purchase and delivery of the Securities as contemplated by the Registration Statement, as amended as of the date hereof.

References to the Registration Statement and the Prospectus in this paragraph (e) with respect to any of the letters referred to above shall include any amendment or supplement thereto at the date of such letter.

(f) The Representatives shall have received a certificate, dated the Firm Closing Date, of the principal executive officer and the principal financial or accounting officer of the Company to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Firm Closing Date; the Registration Statement, as amended as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, and the Prospectus, as amended or supplemented as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Firm Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any amendment thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference

with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto).

(g) The Representatives shall have received from each person who is a director, officer, or securityholder of the Company an agreement to the effect that such person will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of any option to purchase or other sale or disposition) of any shares of Common Stock or any securities convertible into, or exchangeable or exercisable for, shares of Common Stock for a period of 180 days after the date of this Agreement.

(h) On or before the Firm Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company.

(i) Prior to the commencement of the offering of the Securities, the Securities shall

have been included for trading on the Nasdaq National Market.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall reasonably request.

The respective obligations of the several Underwriters to purchase and pay for any Option Securities shall be subject, in their discretion, to each of the foregoing conditions to purchase the Firm Securities, except that all references to the Firm Securities and the Firm Closing Date shall be deemed to refer to such Option Securities and the related Option Closing Date, respectively.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the

Securities Exchange Act of 1934 (the "Exchange Act"), against any losses, claims, damages or liabilities, joint or several, to which such Underwriter or such controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company in Section 2 of this Agreement;

(ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto or (B) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Securities under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application");

(iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or any Application a material fact required to be stated therein or necessary to make the statements therein not misleading; or

(iv) any untrue statement or alleged untrue statement of any material fact contained in any audio or visual materials provided by the Company or based upon written information furnished by or on behalf of the Company including, without limitation, slides, videos, films, tape recordings, used in connection with the marketing of the Securities, including, without limitation, statements communicated to securities analysts employed by the Underwriters;

and will reimburse, as incurred, each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the

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Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto or any Application in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein; and provided, further, that the Company will not be liable to any Underwriter or any

person controlling such Underwriter with respect to any such untrue statement or omission made in any Preliminary Prospectus that is corrected in the Prospectus (or any amendment or supplement thereto) if the person asserting any such loss, claim, damage or liability purchased Securities from such Underwriter but was not sent or given a copy of the Prospectus (as amended or supplemented) at or prior to the written confirmation of the sale of such Securities to such person in any case where such delivery of the Prospectus (as amended or supplemented) is required by the Act, unless such failure to deliver the Prospectus (as amended or supplemented) was a result of noncompliance by the Company with Section 5(d) and (e) of this Agreement. This indemnity agreement will be in addition to any liability which the Company may otherwise have. The Company will not, without the prior written consent of the Underwriter or Underwriters purchasing, in the aggregate, more than fifty percent (50%) of the Securities, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any such Underwriter or any person who controls any such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Underwriters and such controlling persons from all liability arising out of such claim, action, suit or proceeding.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or any Application or (ii) the omission or the alleged omission to state therein a material fact required to be stated in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or any Application or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein; and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or any action in respect thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a

claim in respect thereof is to be

made against the indemnifying party under this Section 8, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 8. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, ----------

that if the defendants in any such action include both theindemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Representatives in the case of paragraph (a) of this Section 8, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 8 is unavailable or insufficient, for any reason, to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses,

claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the Securities or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault of the parties shall be determined by reference to, among

other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the parties' relative intents, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances. The Company and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to above in this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Underwriter shall be obligated to make contributions hereunder that in the aggregate exceed the total public offering price of the Securities purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim, and no person guilty of fraudulent misrepresentation (within the meaning of Section II (f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute hereunder are several in proportion to their respective underwriting obligations and not joint, and contributions among Underwriters shall be governed by the provisions of the Prudential Securities Incorporated Master Agreement Among Underwriters. For purposes of this paragraph (d), each person, if any, who controls an Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company.

9. Default of Underwriters. If one or more Underwriters default in their

obligations to purchase Firm Securities or Option Securities hereunder and the aggregate number of such Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase is ten percent or less of the aggregate number of Firm Securities or Option Securities to be purchased by all of the Underwriters at such time hereunder, the other Underwriters may make arrangements satisfactory to the Representatives for the purchase of such Securities by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives), but if no such arrangements are made by the Firm Closing Date or the related Option Closing Date, as the case may be, the other Underwriters shall be obligated severally in proportion to their respective commitments hereunder to purchase the Firm Securities or Option Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase. If one or more Underwriters so default with respect to an aggregate number of Securities that is more than ten percent of the aggregate number of Firm Securities or Option Securities, as the case may be, to be purchased by all of the Underwriters at such time hereunder, and if arrangements satisfactory to the Representatives are not made within 36 hours after such default for the purchase by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives) of the Securities with respect to which such default occurs, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company other than as provided in Section 10 hereof. In the event of any default by one or more Underwriters as described in this Section 9, the Representatives shall have the right to postpone the Firm Closing Date or the Option Closing Date, as the case may be, established as provided in Section 3 hereof for not more than seven business days in order that any necessary changes may be made in the arrangements or documents for the purchase and delivery of the Firm Securities or Option Securities, as the case may be. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 9. Nothing herein shall relieve any defaulting Underwriter from

liability for its default.

10. Survival. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, any Underwriter or any controlling person referred to in Section 8 hereof and (ii) delivery of and payment for the Securities. The respective agreements, covenants, indemnities and other statements set forth in Sections 6 and 8 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

11. Termination. (a) This Agreement may be terminated with respect to the Firm Securities or any Option Securities in the sole discretion of the

Representatives by notice to the Company given prior to the Firm Closing Date or the related Option Closing Date, respectively, in the event that the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto or, if at or prior to the Firm Closing Date or such Option Closing Date, respectively,

(i) the Company or any of its subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding or there shall have been any material adverse change, or any development involving a prospective material adverse change (including without limitation a change in management or control of the Company), in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto);

(ii) trading in the Common Stock shall have been suspended by the Commission or the Nasdaq National Market or trading in securities generally on the Nasdaq National Market shall have been suspended or minimum or maximum prices shall have been established on such market system;

(iii) a banking moratorium shall have been declared by New York or United States authorities; or

(iv) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or (C) any other calamity or crisis or material adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Securities as contemplated by the Registration Statement, as amended as of the date hereof.

(b) Termination of this Agreement pursuant to this Section 11 shall be without liability of any party to any other party except as provided in Section 10 hereof.

12. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page and under the heading "Underwriting" in any Preliminary Prospectus or the Prospectus (to the extent such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of

Sections 2(b) and 8 hereof. The Underwriters confirm that such statements (to such extent) are correct.

13. Notices. All communications hereunder shall be in writing and, if sent to any of the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to Prudential Securities Incorporated, One New York Plaza, New York, New York 10292, Attention: Equity Transactions Group; and if sent to the Company, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to the Company at 3291 North Buffalo Drive, Las Vegas, Nevada 89129.

14. Successors. This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company contained in Section 8 of this Agreement shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 8 of this Agreement shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement and any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Securities from any Underwriter shall be deemed a successor because of such purchase.

15. Applicable Law. The validity and interpretation of this Agreement, and the terms and conditions set forth herein, shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any provisions relating to conflicts of laws.

16. Consent to Jurisdiction and Service of Process. All judicial proceedings arising out of or relating to this Agreement may be brought in any state or federal court of competent jurisdiction in the State of New York, and by execution and delivery of this Agreement, the Company accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts and waives any defense of forum non conveniens and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

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

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute an agreement binding the Company and each of the several Underwriters.

Very truly yours,

PURCHASE PRO.COM, INC.

By

Chairman and
Chief Executive Officer

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

PRUDENTIAL SECURITIES INCORPORATED
JEFFERIES & COMPANY, INC.
VOLPE BROWN WHELAN & COMPANY, LLC

By PRUDENTIAL SECURITIES INCORPORATED

By

Jean-Claude Canfin
Managing Director

For itself and on behalf of the Representatives.

SCHEDULE 1

UNDERWRITERS

<TABLE>
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	Number of Firm

Underwriter	Securities to be Purchased
<S>	<C>
Prudential Securities Incorporated.....	
Jefferies Company, Inc.....	
Volpe Brown Whelan & Company, LLC.....	
Total	4,000,000

</TABLE>

EXHIBIT 3(i).2

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

PURCHASEPRO.COM, INC.

We the undersigned, President and Secretary of PurchasePro.com, Inc., do hereby certify that:

1. The Articles of Incorporation of said corporation are amended and restated to read in full as follows:

FIRST: The name of the corporation is PurchasePro.com, Inc. (hereinafter, the "Corporation").

SECOND: The authorized capital stock of the Corporation shall consist of a total of Forty Five Million (45,000,000) shares of stock which are divided into classes and which have such designations, preferences, limitations and relative rights as follows:

A. Forty million (40,000,000) shares of common stock with a par value of $.01 per share, designated as "Common Stock."

B. Five million (5,000,000) shares of preferred stock of $.001 par value, designated as "Preferred Stock." The Board of Directors is vested with the authority to authorize by resolution from time to time the issuance of the Preferred Shares in one or more series, and to prescribe the number of Preferred Shares within each such series and the voting powers, designations, preferences, limitations, restrictions and relative rights of each such series, including preferences and relative rights that may be superior to the Common Shares.

THIRD: The governing board of this Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this Corporation.

C. The Board of Directors shall be divided into three classes, each class to serve for a term of three years and to be as nearly equal in number as possible. The term of office of the first, second and third classes of directors shall expire at the first, second, and third annual meetings of stockholders, respectively, after the initial annual meeting of stockholders to be held in 1999. The number and classification of directors

shall be as set forth in the bylaws of this Corporation.

D. At all elections of directors of the Corporation, all holders of Common Stock are entitled to as many votes as equal the number of their shares of Common Stock multiplied by the number of directors to be elected, and they may

cast all of their votes for a single nominee or may distribute the votes among the nominees to be voted for any two or more of them, as they see fit.

FOURTH: The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of this Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law. No action required or permitted to be taken by the stockholders of the Corporation may be taken by written consent.

E. Any action required or permitted to be taken by the stockholders that causes the acquisition of this Corporation by another entity or entities by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of this Corporation, or the sale, transfer or lease (other than a pledge or grant of a security interest to a bona fide lender) of all or substantially all of the assets of the Corporation shall be taken only upon the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the shares of the Corporation issued and outstanding entitled to vote thereon.

F. The affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal these Articles of Incorporation.

FIFTH: To the fullest extent permitted by Chapter 78 of the Nevada Revised Statutes as the same exists or may hereafter be amended, an officer or director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages due to breach of fiduciary duty as such officer or director.

SIXTH: The Corporation is authorized to provide indemnification of agents for breach of duty to the Corporation and its stockholders through bylaw provisions or through agreements with agents, or both, in excess of the indemnification otherwise permitted by law, subject to any limits on such excess indemnification as set fourth therein.

2. The foregoing Amended and Restated Articles of Incorporation have been duly approved by the Board of Directors.

3. The foregoing Amended and Restated Articles of Incorporation have been duly approved by the required vote of stockholders in accordance with sections 78.390 and 78.403 of the Nevada General Corporation Law. The total number of outstanding shares of Common Stock of the Corporation is _____, of which _____ have voted in favor of the Amended and Restated Articles of Incorporation. The total number of outstanding shares of

Series A Preferred Stock of the Corporation is _____, of which _____ have voted in favor of the Amended and Restated Articles of Incorporation. The total number of outstanding shares of Series B Preferred Stock of the Corporation is _____, of which _____ have voted in favor of the Amended and Restated Articles of Incorporation. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required under the law and the Articles of Incorporation in effect at the time of this amendment was more than fifty percent (50%) of the outstanding Common Stock and more than fifty percent (50%) of the outstanding Preferred Stock, each voting separately as a class. Subsequent to the stockholder vote and prior to the filing of these Articles of Incorporation, all outstanding shares of Preferred Stock were automatically converted into Common Stock and no shares of Preferred Stock remain outstanding.

Christopher P. Carton
President

Christopher P. Carton
Secretary

STATE OF NEVADA

COUNTY OF CLARK

This instrument was acknowledged before me on _____, 1999, by Christopher P. Carton as President and Secretary of PurchasePro.com, Inc.

Notary Public

EXHIBIT 3(ii).2

B Y L A W S

OF

PURCHASEPRO.COM, INC.

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BYLAWS
of

PURCHASEPRO.COM, INC.

(Effective as of _____, 1999)

ARTICLE I

Principal Office

Section 1. Principal Office. The Board of Directors shall fix the location of the principal executive office of the Corporation at any place within or outside the State of Nevada. If the principal executive office is located outside Nevada and the Corporation has one or more business offices in Nevada, then the Board of Directors shall fix and designate a principal business office

in Nevada.

Section 2. Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places.

ARTICLE II

Stockholders

Section 1. Place of Meetings. All meetings of the stockholders shall be held at any place within or without the State of Nevada which may be designated by the Board of Directors. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the Corporation.

Section 2. Annual Meetings. An annual meeting of stockholders shall be held each year on a date and at a time designated by the Board of Directors. At that meeting, directors shall be elected. Any other proper business may be transacted at the annual meeting of stockholders.

Section 3. Special Meetings. Special meetings of the stockholders may be called by (a) the Board of Directors, (b) the chairman of the board or (c) the chief executive officer and president. Notice of any special meeting shall specify the purpose or purposes of the meeting. Upon receipt of a written request addressed to the chairman, chief executive officer and president, vice president or secretary, mailed or delivered personally to such officer by any person (other than the board) entitled to call a special meeting of stockholders, such officer shall cause notice to be given, to the stockholders entitled to vote, that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of such request.

Section 4. Procedure of Annual Meeting; Notice of Meetings. To be properly brought before the annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise prop-

erly brought before the meeting by a stockholder of record. In addition to any other applicable requirements, for business to be properly brought before the annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the

principal executive offices of the Corporation, addressed to the attention of the Secretary of the Corporation, within one hundred twenty (120) calendar days before the date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 4; provided, however, that nothing in this Section 4 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

Written notice of each meeting of the stockholders, annual or special, shall be given to each stockholder entitled to vote thereat not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Such notices shall be given personally or by first-class mail or other means of written communication permitted by Chapter 78, Nevada Revised Statutes (the "Nevada General Corporation Law"), charges prepaid, addressed to each stockholder of record at the address appearing on the books of the Corporation, or given by the stockholder to the Corporation for the purpose of notice. If no address of a stockholder appears on the books of the Corporation or is given by the stockholder to the Corporation, notice is duly given to him or her if sent by mail or other means of written communication addressed to the place where the principal executive office of the Corporation is located or if published at least once in a newspaper of general circulation in the county in which said principal executive office is located. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the United States mail or sent by other means of written communication.

Such notices shall state (i) the place, date and hour of the meeting, (ii) those matters which the board, at the time of the mailing of the notice, intends to present for action by the stockholders, (iii) if directors are to be elected, the names of nominees intended at the time of the notice to be presented by management for election, and (iv) such other matters, if any, as may be expressly required by the Nevada General Corporation Law. In addition, in the case of a special meeting, the general nature of the business to be transacted shall be set forth in the notice, and no other business may be transacted.

A stockholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such stockholder. Such waiver shall be delivered to the Corporation for filing with the corporate records, but this delivery and filing shall not be conditions to the effectiveness of the waiver. Further, by attending a meeting either in person or by proxy, a stockholder waives objection to lack of notice or defective notice of the meeting unless the stockholder objects to the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. By attending the annual meeting, the stockholder also

waives any objection to consideration at the meeting of a

particular matter not within the purpose or purposes described in the meeting notice unless the stockholder objects to considering the matter when it is presented.

Section 5. Quorum. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting shall constitute a quorum for the transaction of business. Except as provided in this section, the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present shall be the act of the stockholders, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation. The stockholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, any meeting of stockholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted except as provided in the preceding sentence.

ARTICLE III

Board of Directors

Section 1. Powers. Subject to the provisions of the Nevada General Corporation Law and any limitations in the articles of incorporation and these bylaws as to action to be authorized or approved by the stockholders, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

Section 2. Number, Classes and Qualifications. The authorized number of directors shall not be less than five (5) nor more than nine (9). The exact authorized number of directors shall be fixed from time to time, within the limits specified in this Section 2 or in the articles of incorporation, by the Board of Directors, or by a bylaw or amendment thereof duly adopted by the vote of sixty-six and two-thirds percent (66-2/3%) of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least sixty-six and two-thirds percent (66-2/3%) of the required quorum).

The Board of Directors shall be divided into three classes, each class to

serve for a term of three (3) years and to be as nearly equal in number as possible. Class I shall be comprised of directors who shall serve until the annual meeting of stockholders in 2000 and until their successors shall have been elected and qualified. Class II shall be comprised of directors who shall serve until the annual meeting of stockholders in 2001 and until their successors shall have been elected and qualified. Class III shall be comprised of directors who shall serve until the annual meeting of stockholders in 2002 and until their successors shall have been elected and qualified.

A director shall be a natural person who is eighteen (18) years of age or older. A director need not be a resident of Nevada or a stockholder of the Corporation.

Section 3. Nomination. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to

the Board of Directors at the annual meeting, by or at the direction of the Board of Directors, may be made by the nominating committee of the Board of Directors or any person appointed by the Board of Directors; nominations may also be made by any stockholder of record of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 3. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation addressed to the attention of the Secretary of the Corporation not less than one hundred twenty (120) calendar days before the date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, (iv) a statement as to the person's citizenship, and (v) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

Section 4. Removal. Directors shall be removed in the manner provided by the Nevada General Corporation Law. Any director may be removed by the stockholders of the Corporation at a meeting called for that purpose. The notice of the meeting shall state that the purpose or one of the purposes of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal; provided, however, that no director may be removed when the votes cast against removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the director's most recent election were then being elected.

Section 5. Vacancies. Vacancies in the Board of Directors, including a vacancy created by the removal of a director, may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at any place within or without the State of Nevada that has been designated from time to time by the Board of Directors. In the absence of such designation, regular meetings shall be held at the

principal executive office of the Corporation; provided, however, that immediately following each annual meeting of the stockholders there shall be a regular meeting of the Board of Directors of the Corporation at the place of said annual meeting or at such other place as shall have been designated by the Board of Directors for the purpose of organization, election of officers and the transaction of other business. Other regular meetings of the Board of Directors shall be held without call on such date and time as may be fixed by the Board of Directors; provided, however, that should any such day fall on a legal holiday, then said meeting shall be held at the same time on the next business day thereafter ensuing which is not a legal holiday. Notice of regular meetings of the directors is hereby dispensed with and no notice whatever of any such meeting need be given, provided that notice of any change in the time or place of regular meetings shall be given to all of the directors in the same manner as notice for special meetings of the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors may

be held at any place within or without the State of Nevada which has been designated in the notice of the meeting, or, if not designated in the notice or if there is no notice, at the principal executive office of the Corporation. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the chairman of the board or chief executive officer and president or any two directors. Notice of the time and place of special meetings shall be delivered personally or by telephone to each director, or sent by first-class mail or telegram or facsimile transmission, charges prepaid, addressed to him or her at his or her address as it appears upon the records of the Corporation or, if it is not so shown on the records and is not readily ascertainable, at the place at which the meetings of the directors are regularly held. Such notice shall be sent at least four (4) days prior to the meeting if sent by mail and at least forty-eight (48) hours prior to the meeting if delivered personally or by telephone or telegraph. The notice need not specify the place of the meeting if the meeting is to be held at the principal executive office of the Corporation, and need not specify the purpose of the meeting.

Section 3. Quorum. Presence of a majority of the authorized number of directors at a meeting of the Board of Directors constitutes a quorum for the transaction of business, except as hereinafter provided. Members of the board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 4. Waiver. Notice of a meeting need not be given to any director who signs a waiver of notice or consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5. Action by Written Consent. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 6. Committees of the Board. The provisions of this Article IV shall also apply, with necessary changes in points of detail, to committees of the Board of Directors, if any, and to actions by such committees (except for the first sentence of Section 2 of Article IV, which shall not apply, and except that special meetings of a committee may also be called at any time by any two

members of the committee), unless otherwise provided by these bylaws or by the resolution of the Board of Directors designating such committees. For such purpose, references to "the board" or "the Board of Directors" shall be deemed to refer to each such committee and references to "directors" or "members of the board" shall be deemed to refer to members of the committee. Committees of the Board of Directors may be designated, and shall be subject to the limitations on their authority, as provided in section 78.125 of the Nevada General Corporation Law. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors.

ARTICLE V

Officers

Section 1. Officers. The officers of the Corporation shall be a chairman of the board or a chief executive officer or both, a president, a chief operating officer, a treasurer and chief financial officer and a secretary. The Corporation may also have, at the discretion of the Board of Directors, one or more vice presidents, one or more assistant secretaries and such other officers as may be designated from time to time by the Board of Directors. Any number of offices may be held by the same person. The officers shall be elected by the Board of Directors and shall hold office at the pleasure of such board.

Section 2. Chairman of the Board. The chairman of the board, if there be such officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Board of Directors or prescribed by the bylaws. The chairman of the board shall, in addition, be the general manager and chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 3 of this Article V.

Section 3. Chief Executive Officer. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the chairman of the board, if there be such an officer, the chief executive officer of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation. The chief executive officer shall have the general powers and duties of management usually vested in the chief executive officer of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or bylaws.

Section 4. President. The Board of Directors must designate a president. The president shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 5. Chief Operating Officer. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. Vice Presidents. In the absence or disability of the president, the vice presidents in order of their rank as fixed by the Board of Directors or, if not ranked, the vice president designated by the Board of Directors, shall perform all of the duties of the chief executive officer and president and when so acting shall have all the powers of and be subject to all the restrictions upon the chief executive officer and president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors or the bylaws.

Section 7. Secretary. The secretary shall keep or cause to be kept at the principal executive office of the Corporation or such other place as the Board of Directors may order, a book of minutes of all proceedings of the stockholders, the Board of Directors and committees of the board, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at directors' and committee meetings, and the number of shares present or represented at stockholders' meetings. The secretary shall keep or cause to be kept at the principal executive office or at the office of the Corporation's transfer agent a record of stockholders or a duplicate record of stockholders showing the names of the stockholders and their addresses, the number of shares and classes of shares held by each, the number and date of certificates issued for the same and the number and date of cancellation of every certificate surrendered for cancellation. The secretary or an assistant secretary or, if they are absent or unable or refuse to act, any other officer of the Corporation, shall give or cause to be given notice of all the meetings of the stockholders, the Board of Directors and committees of the board required by the bylaws or by law to be given, and he or she shall keep the seal of the Corporation, if any, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the bylaws.

Section 8. Assistant Secretaries. It shall be the duty of the assistant secretaries to assist the secretary in the performance of his or her duties and generally to perform such other duties as may be delegated to them by the Board of Directors.

Section 9. Treasurer and Chief Financial Officer. The treasurer and chief

financial officer shall keep and maintain, or cause to be kept and maintained, in accordance with generally accepted accounting principles adequate and correct books and records of account of the Corporation. He or she shall receive and deposit all moneys and other valuables belonging to the Corporation in the name and to the credit of the Corporation and shall disburse the same only in such manner as the Board of Directors or the appropriate officers of the Corporation may from time to time determine, shall render to the chief executive officer and president and the Board of Directors, whenever they request it, an account of all his or her transactions as chief financial officer and of the financial condition of the Corporation, and shall perform such further duties as the Board of Directors may require.

Section 10. Assistant Treasurers. It shall be the duty of the assistant treasurers to assist the chief financial officer in the performance of his or her duties and generally to perform such other duties as may be delegated to them by the Board of Directors.

Section 11. Loans or Guarantees of Obligations of Directors and Officers. The Corporation may make any loan of money or property to, or guarantee the obligation of, any director or officer of the Corporation or of its parent if such loan or guaranty is approved by the board alone

by a vote sufficient without counting the vote of any interested director or directors if the board determines that such loan or guaranty may reasonably be expected to benefit the Corporation.

ARTICLE VI

Amendments

Section 1. By Stockholders. New bylaws may be adopted or these bylaws may be amended or repealed by the affirmative vote of sixty-six and two-thirds percent (66-2/3%) of the outstanding shares entitled to vote.

Section 2. By Directors. Subject to the right of stockholders as provided in Section 1 of this Article to adopt, amend or repeal bylaws, and except as otherwise provided by law or by the articles of incorporation; bylaws, other than a bylaw or amendment thereof changing the authorized maximum or minimum number of directors, may be adopted, amended or repealed by the Board of Directors.

ARTICLE VII

Annual and Other Reports

The Board of Directors of the Corporation shall cause an annual report to be sent to the stockholders not later than one hundred twenty (120) days after the close of the fiscal year of the Corporation. Such report shall contain a balance sheet as of the end of that completed fiscal year and an income statement and statement of changes in cash flows for that fiscal year, accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of the Corporation that the statements were prepared without audit from the books and records of the Corporation. Such report shall be sent at least fifteen (15) days prior to the annual meeting of stockholders to be held during the next fiscal year. The annual report shall also contain any information required by the Nevada General Corporation Law.

ARTICLE VIII

Indemnification

Section 1. Right of Indemnification. The Corporation shall have power to indemnify each of its officers, directors and agents to the fullest extent permissible by the Nevada General Corporation Law. Without limiting the generality of the foregoing sentence, the Corporation:

(a) is authorized to provide indemnification of officers, directors and agents in excess of that otherwise permitted by sections 78.7502 and 78.751 of the Nevada General Corporation Law for those officers, directors and agents of the Corporation for breach of duty to the Corporation and its stockholders; provided, however, that the Corporation is not authorized to provide indemnification of any officer, director or agent for any acts or omissions or transactions from which an officer, director or agent may not be relieved of liability as set forth in section 78.037(1) of the Nevada General Corporation Law; and

(b) shall have power to purchase and maintain insurance or make other financial arrangements in accordance with section 78.752 of the Nevada General Corporation Law on behalf of any officer, director or agent of the Corporation against any liability asserted against or incurred by the officer, director or agent in such capacity or arising out of the officer, director or agent's status as such, whether or not the Corporation would have the power to indemnify the

officer, director or agent against such liability under the provisions of section 78.037(1) of the Nevada General Corporation Law, and shall have power to advance the expenses reasonably expected to be incurred by such officer, director or agent in defending any such proceeding upon receipt of the undertaking.

Section 2. Definition of Agent. The term "agent" used in this Article shall have the same meaning as such term in the Nevada General Corporation Law.

ARTICLE IX

Certificates and Transfer of Shares

Section 1. Certificates for Shares. Certificates for shares shall be of such form and device as the Board of Directors may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance; the number of shares for which it is issued; a statement of the rights, privileges, preferences and restrictions, if any; a statement as to the redemption or conversion, if any; a statement of liens or restrictions upon transfer or voting, if any; if the shares be assessable or, if assessments are collectible by personal action, a plain statement of such facts. Every certificate for shares must be signed by the chief executive officer or president or the treasurer and chief financial officer and the secretary or an assistant secretary.

Section 2. Transfer on the Books. Upon surrender to the secretary or transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Lost or Destroyed Certificates. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and shall if the directors so require give the Corporation a bond of indemnity, in form and with one or more sureties satisfactory to the board, in at least double the value of the stock represented by said certificate, whereupon a new certificate may be issued in the same tenor and for the same number of shares as the one alleged to be lost or destroyed.

Section 4. Transfer Agents and Registrars. The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars, which shall be an incorporated bank or trust company -- either

domestic or foreign, who shall be appointed at such times and places as the requirements of the Corporation may necessitate and the Board of Directors may designate.

Section 5. Closing Stock Transfer Books - Record Date. In order that the Corporation may determine the stockholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise

any rights in respect of any other lawful action, the board may fix, in advance, a record date, which shall not be more than sixty nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action.

Section 6. Legend Condition. In the event any shares of this Corporation are issued pursuant to a permit or exemption therefrom requiring the imposition of a legend condition the person or persons issuing or transferring said shares shall make sure said legend appears on the certificate and on the stub relating thereto in the stock record book and shall not be required to transfer any shares free of such legend unless an amendment to such permit or a new permit be first issued so authorizing such a deletion.

ARTICLE X

Corporate Records and Reports -- Inspection

Section 1. Records. The Corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal executive office in the State of Nevada, as fixed by the Board of Directors from time to time.

Section 2. Inspection of Books and Records. All books and records provided for in section 78.105 of the Nevada General Corporation Law shall be open to inspection of the directors and stockholders from time to time in accordance with section 78.105.

Section 3. Certification and Inspection of Bylaws. The original or a copy of these bylaws, as amended or otherwise altered to date, certified by the secretary, shall be kept at the Corporation's principal executive office and

shall be open to inspection by the stockholders of the Corporation, at all reasonable times during office hours, as provided in section 78.105 of the Nevada General Corporation Law.

Section 4. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 5. Contracts, Etc. -- How Executed. The Board of Directors, except as in the bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

I, THE UNDERSIGNED, being the secretary of PurchasePro.com, Inc., DO HEREBY CERTIFY the foregoing to be the bylaws of said Corporation, as adopted by the Board of Directors on June 2, 1999.

Christopher P. Carton

EXHIBIT 10.1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made and entered into as of the ____ day of _____, 1999 (the "Agreement"), by and between PURCHASEPRO.COM, INC., a Nevada corporation (the "Company"), and _____ (the "Indemnitee"), with reference to the following facts:

A. The Company desires the benefits of having Indemnitee serve as an officer and/or director secure in the knowledge that any expenses, liability and/or losses incurred by him in his good faith service to the Company will be borne by the Company or its successors and assigns;

B. Indemnitee is willing to serve in his position with the Company only on the condition that he be indemnified for such expenses, liability and/or losses;

C. The Company and Indemnitee recognize the increasing difficulty in obtaining liability insurance for directors, officers and agents of a corporation at reasonable cost;

D. The Company and Indemnitee recognize that there has been an increase in litigation against corporate directors, officers and agents; and

E. The Company's Articles of Incorporation allow and require the Company to indemnify its directors, officers and agents to the maximum extent permitted under Nevada law.

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "Agent" shall mean any person who is or was a director, officer, employee or agent of the Company or a subsidiary of the Company whether serving in such capacity or as a director, officer, employee, agent, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

1.2 "Change of Control" shall mean the occurrence of any of the following events after the date of this Agreement:

(a) a change in the composition of the Board of Directors, as a result of which fewer than one-half of the incumbent directors are directors who either:

(i) had been directors of the Company twenty-four (24) months prior to such change; or (ii) were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the directors who had been directors of the Company twenty-four (24) months prior to such change and who were still in office at the time of the election or nomination;

(b) any "person" (as such term is used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) who by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then-outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(c) the sale of all or substantially all of the assets of the Company to a person or entity who is not an affiliate (including a parent or subsidiary) of the Company;

(d) the dissolution of the Company pursuant to action validly taken by the shareholders of the Company in accordance with applicable state law; or

(e) the occurrence of any other tender offer, merger, consolidation, sale, reorganization, dissolution or other such event or series of events, which in the opinion of a majority of the Board of Directors (as reflected in a written resolution of the Board of Directors) has resulted in a change of control of the Company.

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur in the event of (x) sale by the Company of shares of Preferred Stock prior to an initial public offering of securities by the Company, (y) a change in the Company's state of incorporation or (z) an initial public offering of securities by the Company.

1.3 "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

1.4 "Expenses" shall be broadly construed and shall include, without limitation, (a) all direct and indirect costs incurred, paid or accrued, (b) all attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, food and lodging expenses while traveling, duplicating

costs, printing and binding costs, telephone charges, postage, delivery service, freight or other transportation fees and expenses, (c) all other disbursements and out-of-pocket expenses, (d) amounts paid in settlement, to the extent not prohibited by Nevada Law, and (e) reasonable compensation for time spent by Indemnitee for which he is otherwise not compensated by the Company or any third party, actually and reasonably incurred in connection with or arising out of a Proceeding, including a Proceeding by Indemnitee to establish or enforce a right to indemnification under this Agreement, applicable law or otherwise.

1.5 "Independent Counsel" shall mean a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (a) the Company, an affiliate of the Company or Indemnitee in any matter material to either party or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing would have a conflict of interest in

representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

1.6 "Liabilities" shall mean liabilities of any type whatsoever, including, but not limited to, judgments or fines, ERISA or other excise taxes and penalties, and amounts paid in settlement (including all interest, assessments or other charges paid or payable in connection with any of the foregoing) actually and reasonably incurred by Indemnitee in connection with a Proceeding.

1.7 "Nevada Law" means the Nevada General Corporation Law, as amended and in effect from time to time or any successor or other statutes of Nevada having similar import and effect.

1.8 "Proceeding" shall mean any pending, threatened or completed action, hearing, suit or any other proceeding, whether civil, criminal, arbitrative, administrative, investigative or any alternative dispute resolution mechanism, including without limitation any such Proceeding brought by or in the right of the Company.

2. Employment Rights and Duties. Subject to any other obligations imposed on either of the parties by contract or by law, and with the understanding that this Agreement is not intended to confer employment rights on either party which they did not possess on the date of its execution, Indemnitee agrees to serve as a director or officer so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Amended and Restated Articles of Incorporation (the "Articles") and Bylaws (the "Bylaws") of the Company or any subsidiary of the Company and until such time as he resigns or fails to stand for election or until his employment terminates. Indemnitee may

from time to time also perform other services at the request, or for the convenience of, or otherwise benefiting the Company. Indemnitee may at any time and for any reason resign or be removed from such position (subject to any other contractual obligation or other obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in any such position.

2.1 Directors' and Officers' Insurance.

(a) The Company hereby covenants and agrees that, so long as Indemnitee shall continue to serve as a director or officer of the Company and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company, subject to Section 2.1(c), shall maintain directors' and officers' insurance in full force and effect.

(b) In all policies of directors' and officers' insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) The Company shall have no obligation to maintain directors' and officers' insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage

provided, or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

3. Indemnification. The Company shall indemnify Indemnitee to the fullest extent authorized or permitted by Nevada Law and the provisions of the Articles and Bylaws of the Company in effect on the date hereof, and as Nevada Law, the Articles and Bylaws may from time to time be amended (but, in the case of any such amendment, only to the extent such amendment permits the Company to provide broader indemnification rights than Nevada Law, the Articles and/or Bylaws permitted the Company to provide before such amendment). The right to indemnification conferred in the Articles shall be presumed to have been relied upon by Indemnitee in serving or continuing to serve the Company as a director or officer and shall be enforceable as a contract right. Without in any way diminishing the scope of the indemnification provided by the Articles and this Section 3, the Company shall indemnify Indemnitee if and whenever he is or was a witness, party or is threatened to be made a witness or a party to any Proceeding, by reason of the fact that he is or was an Agent or by reason of anything done or not done, or alleged to have been done or not done, by him in such capacity, against all Expenses and Liabilities actually and reasonably incurred by Indemnitee or on his behalf in connection with the investigation, defense, settlement or appeal of such Proceeding. In addition to, and not as a

limitation of, the foregoing, the rights of indemnification of Indemnitee provided under this Agreement shall include those rights set forth in Sections 4, 5 and 6 below.

4. Payment of Expenses.

4.1 All Expenses incurred by or on behalf of Indemnitee shall be advanced by the Company to Indemnitee within 20 days after the receipt by the Company of a written request for such advance which may be made from time to time, whether prior to or after final disposition of a Proceeding (unless there has been a final determination by a court of competent jurisdiction that Indemnitee is not entitled to be indemnified for such Expenses). Indemnitee's entitlement to advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking a determination, an adjudication or an award in arbitration pursuant to this Agreement. The requests shall reasonably evidence the Expenses incurred by Indemnitee in connection therewith. Indemnitee hereby undertakes to repay the amounts advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified pursuant to the terms of this Agreement.

4.2 Notwithstanding any other provision in this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee in connection therewith.

5. Procedure for Determination of Entitlement to Indemnification.

5.1 Whenever Indemnitee believes that he is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification (the "Indemnification Request") to the Company to the attention of the President with a copy to the Secretary. This request shall include documentation or information which is necessary for the determination of entitlement to indemnification and which is reasonably available to Indemnitee. Determination of Indemnitee's entitlement to indemnification shall be made no later than 60

days after receipt of the Indemnification Request. The President or the Secretary shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board in writing that Indemnitee has made such request for indemnification.

5.2 The Indemnification Request shall set forth Indemnitee's selection of which of the following forums shall determine whether Indemnitee is entitled to indemnification:

(i) A majority vote of Directors who are not parties to the action

with respect to which indemnification is sought, even though less than a quorum.

(ii) A written opinion of an Independent Counsel (provided there are no such Directors as set forth in (i) above or if such Directors as set forth in (i) above so direct).

(iii) A majority vote of the shareholders at a meeting at which a quorum is present, with the shares owned by the person to be indemnified not being entitled to vote thereon.

(iv) The court in which the Proceeding is or was pending upon application by Indemnitee.

The Company agrees to bear any and all costs and expenses incurred by Indemnitee or the Company in connection with the determination of Indemnitee's entitlement to indemnification by any of the above forums.

6. Presumptions and Effect of Certain Proceedings. No initial finding by the Board, its counsel, Independent Counsel, arbitrators or the shareholders shall be effective to deprive Indemnitee of the protection of this indemnity, nor shall a court or other forum to which Indemnitee may apply for enforcement of this indemnity give any weight to any such adverse finding in deciding any issue before it. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, (a) adversely affect the rights of Indemnitee to indemnification except as indemnification may be expressly prohibited under this Agreement, (b) create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or (c) with respect to any criminal action or proceeding, create a presumption that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee in Cases of Determination not to Indemnify or to Advance Expenses.

7.1 In the event that (a) an initial determination is made that Indemnitee is not entitled to indemnification, (b) advances for Expenses are not made when and as required by this Agreement, (c) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement or (d) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in an appropriate court of the State of Nevada of his entitlement to such indemnification or advance. Alternatively, Indemnitee

at his option may seek an award in arbitration. If the parties are unable to agree on an arbitrator, the parties shall provide JAMS Endispute ("JAMS") with a statement of the nature of the dispute and the desired qualifications of the arbitrator. JAMS will then provide a list of three available arbitrators. Each party may strike one of the names on the list, and the remaining person will serve as the arbitrator. If both parties strike the same person, JAMS will select the arbitrator from the other two names. The arbitration award shall be made within 90 days following the demand for arbitration. Except as set forth herein, the provisions of Nevada law shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. In any such proceeding or arbitration Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption.

7.2 An initial determination, in whole or in part, that Indemnitee is not entitled to indemnification shall create no presumption in any judicial proceeding or arbitration that Indemnitee has not met the applicable standard of conduct for, or is otherwise not entitled to, indemnification.

7.3 If an initial determination is made or deemed to have been made pursuant to the terms of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in the absence of (a) a misrepresentation of a material fact by Indemnitee in the request for indemnification or (b) a specific finding (which has become final) by a court of competent jurisdiction that all or any part of such indemnification is expressly prohibited by law.

7.4 The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, will be inadequate, impracticable and difficult of proof, and further agree that such breach would cause Indemnitee irreparable harm. Accordingly, the Company and Indemnitee agree that Indemnitee shall be entitled to temporary and permanent injunctive relief to enforce this Agreement without the necessity of proving actual damages or irreparable harm. The Company and Indemnitee further agree that Indemnitee shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bond or other undertaking in connection therewith. Any such requirement of bond or undertaking is hereby waived by the Company, and the Company acknowledges that in the absence of such a waiver, a bond or undertaking may be required by the court.

7.5 The Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

7.6 Expenses incurred by Indemnitee in connection with his request for indemnification under, seeking enforcement of or to recover damages for breach of this Agreement shall be borne and advanced by the Company.

8. Other Rights to Indemnification. Indemnitee's rights of indemnification and advancement of expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under applicable law, the

Articles, the Bylaws, an employment agreement, a vote of shareholders or Disinterested Directors, insurance or other financial arrangements or otherwise.

9. Limitations on Indemnification. No indemnification pursuant to Section 3 shall be paid by the Company nor shall Expenses be advanced pursuant to Section 3:

9.1 Insurance. To the extent that Indemnitee is reimbursed pursuant to such insurance as may exist for Indemnitee's benefit. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Company pursuant to this Agreement by assigning to the Company any claims under such insurance to the extent Indemnitee is paid by the Company. Indemnitee shall reimburse the Company for any sums he receives as indemnification from other sources to the extent of any amount paid to him for that purpose by the Company;

9.2 Section 16(b). On account and to the extent of any wholly or partially successful claim against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) or the Securities Exchange Act of 1934, as amended, and amendments thereto or similar provisions of any federal, state or local statutory law; or

9.3 Indemnitee's Proceedings. Except as otherwise provided in this Agreement, in connection with all or any part of a Proceeding which is initiated or maintained by or on behalf of Indemnitee, or any Proceeding by Indemnitee against the Company or its directors, officers, employees or other agents, unless (a) such indemnification is expressly required to be made by Nevada Law, (b) the Proceeding was authorized by a majority of the Disinterested Directors, (c) there has been a Change of Control or (d) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under Nevada Law.

10. Duration and Scope of Agreement; Binding Effect. This Agreement shall

continue so long as Indemnitee shall be subject to any possible Proceeding subject to indemnification by reason of the fact that he is or was an Agent and shall be applicable to Proceedings commenced or continued after execution of this Agreement, whether arising from acts or omissions occurring before or after such execution. This Agreement shall be binding upon the Company and its successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company) and shall inure to the benefit of Indemnitee and his spouse, assigns, heirs, devisees, executors, administrators and other legal representatives.

11. Notice by Indemnitee and Defense of Claims. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to indemnification hereunder, whether civil, criminal, arbitrative, administrative or investigative; but the omission so to notify the Company will not relieve it from any liability which it may have to Indemnitee if such omission does not actually prejudice the Company's rights and, if such omission does prejudice the Company's rights, it will relieve the Company from liability only to the extent of such prejudice; nor will such omission relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any Proceeding:

(a) The Company will be entitled to participate therein at its own expense;

(b) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof and the assumption of such defense, the Company will not be liable to Indemnitee under this Agreement for any attorney fees or costs subsequently incurred by Indemnitee in connection with Indemnitee's defense except as otherwise provided below. Indemnitee shall have the right to employ his counsel in such Proceeding but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof and the assumption of such defense shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such action or that the Company's counsel may not be adequately representing Indemnitee or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company; and

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim which would impose any limitation or penalty on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold its or his consent to any proposed settlement.

12. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or part, the Company shall, in such an event, after taking into account, among other things, contributions by other directors and officers of the Company pursuant to indemnification agreements or otherwise, and, in the absence of personal enrichment, acts of intentional fraud or dishonesty or criminal conduct on the part of Indemnitee, contribute to the payment of Indemnitee's losses to the extent that, after other contributions are taken into account, such losses exceed: (i) in the case of a director of the Company or any of its subsidiaries who is not an officer of the Company or any of such subsidiaries, the amount of fees paid to the director for serving as a director during the 12 months preceding the commencement of the Proceeding; or (ii) in the case of a director of the Company or any of its subsidiaries who is also an officer of the Company or any of such subsidiaries, the amount set forth in clause (i) plus 5% of the aggregate cash compensation paid to said director for service in such office(s) during the 12 months preceding the commencement of the Proceeding; or (iii) in the case of an officer of the Company or any of its subsidiaries, 5% of the aggregate cash compensation paid to such officer for service in such office(s) during the 12 months preceding the commencement of such Proceeding.

13. Establishment of Trust. In order to secure the obligations of the Company to indemnify and to advance Expenses to Indemnitee pursuant to this Agreement, upon a Change of Control of the Company, the Company or its successor or assign shall establish a Trust (the "Trust") for the benefit of the Indemnitee, the trustee (the "Trustee") of which shall be chosen by the Company and which is reasonably acceptable to the Indemnitee. Thereafter, from time to

time, upon receipt of a written request from Indemnitee, the Company shall fund the Trust in amounts sufficient to satisfy any and all Liabilities and Expenses reasonably anticipated at the time of such request for which the Company may indemnify Indemnitee hereunder. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected jointly by the Company and the Indemnitee. The terms of the Trust shall provide that except upon the consent of the Indemnitee and the Company, (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance to the Indemnitee, within 20 days of a request by the Indemnitee, any and all Expenses, the

Indemnitee hereby agreeing to reimburse the Trustee of the Trust for all Expenses so advanced if a final determination is made by a court in a final adjudication from which there is no further right of appeal that the Indemnitee is not entitled to be indemnified under this Agreement, (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth in this Section, (iv) the Trustee shall promptly pay to the Indemnitee any amounts to which the Indemnitee shall be entitled pursuant to this Agreement, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by Independent Counsel selected by Indemnitee or a court of competent jurisdiction that Indemnitee has been fully indemnified with respect to the Proceeding giving rise to the funding of the Trust under the terms of this Agreement. The establishment of the Trust shall not, in any way, diminish the Company's obligation to indemnify Indemnitee against Expenses and Liabilities to the full extent required by this Agreement.

14. Miscellaneous Provisions.

14.1 Severability; Partial Indemnity. If any provision or provisions of this Agreement (or any portion thereof) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Liabilities of any type whatsoever incurred by him in the investigation, defense, settlement or appeal of a Proceeding but not entitled to all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which it has been determined pursuant to Section 5 hereof that Indemnitee is not entitled.

14.2 Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

14.3 Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent not now or hereafter

prohibited by law.

14.4 Headings. The headings of the Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

14.5 Pronouns. Use of the masculine pronoun shall be deemed to include use of the feminine pronoun where appropriate.

14.6 Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties to this Agreement. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any of the provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. No waiver of any provision of this Agreement shall be effective unless executed in writing.

14.7 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, or (iii) sent by facsimile transmission and receipt thereof is electronically confirmed:

(a) If to Indemnitee, to: _____
_____
_____
Telephone: (___)
Facsimile: (___)

(b) If to the Company, to: PurchasePro.com, Inc.
3291 N. Buffalo Drive
Las Vegas, NV 89129
Telephone: (702) 316-7000
Facsimile: (702) 316-7001
Attention: Secretary

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

14.8 Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, as applied to contracts between Nevada residents entered into and to be performed entirely within Nevada.

14.9 Consent to Jurisdiction. The Company and Indemnitee each hereby

irrevocably consent to the jurisdiction of the courts of the State of Nevada for all purposes in connection with

any action or proceeding which arises out of or relates to this agreement and agree that any action instituted under this agreement shall be brought only in the state courts of the State of Nevada.

14.10 Entire Agreement. This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understanding between the parties hereto with respect to the subject matter of this Agreement, except as specifically referred to herein or as provided in Sections 8 and 2.1 hereof.

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

PURCHASEPRO.COM, INC.

By_____

Name_____

Title_____

INDEMNITEE

_____

EXHIBIT 10.3

STOCK PLAN

OF

PURCHASEPRO.COM, INC.

(Adopted by the Board on June 2, 1999)

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1999 STOCK PLAN OF

PURCHASEPRO.COM, INC.

(Adopted by the Board on June 2, 1999)

SECTION 1. ESTABLISHMENT AND PURPOSE.

The Plan was established in June 1999 to offer selected employees, directors, advisers and consultants an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company's Common Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under Code section 422.

SECTION 2. DEFINITIONS.

(a) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

(b) "Change in Control" means the occurrence of either of the following events:

(i) A change in the composition of the Board of Directors, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company twenty-four (24) months prior to such change; or

(B) Were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the directors who had been directors of the Company twenty-four (24) months prior to such change and who were still in office at the time of the election or nomination; or

(ii) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) who by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company. For purposes of this Subsection (ii), the term "person" shall not include an employee benefit plan maintained by the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Committee" shall mean the committee designated by the Board of
----
Directors, which is authorized to administer the Plan under Section 3 hereof. The Committee shall have membership composition which enables the Options or other rights granted under the Plan to qualify for exemption under Rule 16b-3 with respect to persons who are subject to Section 16 of the Exchange Act.

(e) "Company" shall mean PurchasePro.com, Inc., a Nevada corporation.

(f) "Employee" shall mean (i) any individual who is a common-law employee
----
of the Company or of a Subsidiary, (ii) a member of the Board of Directors or (iii) an independent contractor or advisor who performs services for the Company or a Subsidiary. Service as a member of the Board of Directors or as an independent contractor or advisor shall be considered employment for all purposes of the Plan except the second sentence of Section 4(a) and Section 4(b).

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as

amended.

(h) "Exercise Price" shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Committee in the applicable Stock Option Agreement.

(i) "Fair Market Value" shall mean (i) the closing price of a Share on the principal exchange which the Shares are trading, on the date on which the Fair Market Value is determined (if Fair Market Value is determined on a date which the principal exchange is closed, Fair Market Value shall be determined on the last immediately preceding trading day), or (ii) if the Shares are not traded on an exchange but are quoted on the Nasdaq National Market or a successor quotation system, the closing price on the date on which the Fair Market Value is determined, or (iii) if the Shares are not traded on an exchange or quoted on the Nasdaq National Market or a successor quotation system, the fair market value of a Share, as determined by the Committee in good faith. Such determination shall be conclusive and binding on all persons.

(j) "ISO" shall mean an employee incentive stock option described in Code section 422.

(k) "Nonstatutory Option" shall mean an employee stock option that is not an ISO.

(l) "Offeree" shall mean an individual to whom the Committee has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(m) "Option" shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(n) "Optionee" shall mean an individual who holds an Option.

(o) "Outside Director" shall mean a member of the Board of Directors who is not a common-law employee of the Company or of a Subsidiary.

(p) "Plan" shall mean this 1999 Stock Plan of PurchasePro.com, Inc., as amended from time to time.

(q) "Purchase Price" shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Committee.

(r) "Service" shall mean service as an Employee.

(s) "Share" shall mean one share of Stock, as adjusted in accordance with Section 9 (if applicable).

(t) "Stock" shall mean the Common Stock of the Company.

(u) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his Option.

(v) "Stock Purchase Agreement" shall mean the agreement between the Company and an Offeree who acquires Shares under the Plan which contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(w) "Subsidiary" shall mean any corporation, if the Company and/or one or more other Subsidiaries own not less than 50 percent of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(x) "Total and Permanent Disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months.

SECTION 3. ADMINISTRATION.

(a) Committee Procedures. The Board of Directors shall designate one of the members of the Committee as chairman. The Committee may hold meetings at such times and places as it shall determine. The acts of a majority of the Committee members present at meetings at which a quorum exists, or acts reduced to or approved in writing by all Committee members, shall be valid acts of the Committee.

(b) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

(i) To interpret the Plan and to apply its provisions;

(ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;

(iii) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(iv) To determine when Shares are to be awarded or offered for sale and when Options are to be granted under the Plan;

(v) To select the Offerees and Optionees;

(vi) To determine the number of Shares to be offered to each Offeree or to be made subject to each Option;

(vii) To prescribe the terms and conditions of each award or sale of Shares, including (without limitation) the Purchase Price, the vesting of the award (including accelerating the vesting of awards) and to specify the provisions of the Stock Purchase Agreement relating to such award or sale;

(viii) To prescribe the terms and conditions of each Option, including (without limitation) the Exercise Price, the vesting or duration of the Option (including accelerating the vesting of the Option), to determine whether such Option is to be classified as an ISO or as a Nonstatutory Option, and to specify the provisions of the Stock Option Agreement relating to such Option;

(ix) To amend any outstanding Stock Purchase Agreement or Stock Option Agreement, subject to applicable legal restrictions and to the consent of the Offeree or Optionee who entered into such agreement;

(x) To prescribe the consideration for the grant of each Option or other right under the Plan and to determine the sufficiency of such consideration;

(xi) To determine the disposition of each Option or other right under the Plan in the event of an Optionee's or Offeree's divorce or dissolution of marriage;

(xii) To determine whether Options or other rights under the Plan will be granted in replacement of other grants under an incentive or other

compensation plan of an acquired business;

(xiii) To correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Stock Option Agreement or any Stock Purchase Agreement; and

(xiv) To take any other actions deemed necessary or advisable for the administration of the Plan.

Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate, except that the Committee may not delegate its authority with regard to the selection for participation of or the granting of Options or other rights under the Plan to persons subject to Section 16 of the Exchange Act. All decisions, interpretations and other actions of the Committee shall be final and binding on all Offerees, all Optionees, and all persons deriving their rights from an Offeree or Optionee. No member of the Committee shall be liable for any action that he has taken or has failed to take in good faith with respect to the Plan, any Option, or any right to acquire Shares under the Plan.

SECTION 4. ELIGIBILITY.

(a) General Rule. Only Employees shall be eligible for designation as Optionees or Offerees by the Committee. In addition, only individuals who are employed as common-law employees by the Company or a Subsidiary shall be eligible for the grant of ISOs.

(b) Outside Directors. Any other provision of the Plan notwithstanding, the participation of Outside Directors in the Plan shall be subject to the following restrictions:

(i) Outside Directors shall only be eligible for the grant of Nonstatutory Options as described in this Section 4(b).

(ii) Each Outside Director shall automatically be granted a Nonstatutory Option to purchase 10,000 Shares (subject to adjustment under Section 9) as a result of their appointment as an Outside Director on, if after, the effectiveness of the Company's initial public offering of the Stocks. In addition, upon the conclusion of each regular annual meeting of the Company's stockholders occurring after 1999 and following the meeting at which they were appointed, each Outside Director who will continue serving as a member of the Board thereafter shall receive a Nonstatutory Option to purchase 10,000 Shares (subject to adjustment under Section 9). All such Nonstatutory Options shall vest and become exercisable at the date

of grant;

(iii) The Exercise Price of all Nonstatutory Options granted to an Outside Director under this Section 4(b) shall be equal to one hundred percent (100%) of the Fair Market Value of a Share on the date of grant, payable in one of the forms described in Sections 8(a), (b) and (d).

(iv) All Nonstatutory Options granted to an Outside Director under this Section 4(b) shall terminate on the earliest of (A) the 10th anniversary of the date of grant of such Options or (B) the date twelve (12) months after the termination of such Outside Director's service for any reason.

(c) Limitation On Grants. No Employee shall be granted Options to purchase more than Five Hundred Thousand (500,000) Shares in any fiscal year of the Company.

(d) Ten-Percent Stockholders. An Employee who owns more than 10 percent of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries shall not be eligible for the grant of an ISO unless such grant satisfies the requirements of Code section 422(c)(6).

(e) Attribution Rules. For purposes of Subsection (d) above, in determining stock ownership, an Employee shall be deemed to own the stock owned, directly or indirectly, by or for his brothers, sisters, spouse, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be deemed to be owned proportionately by or for its shareholders, partners or beneficiaries.

(f) Outstanding Stock. For purposes of Subsection (d) above, "outstanding stock" shall include all stock actually issued and outstanding immediately after the grant. "Outstanding

stock" shall not include shares authorized for issuance under outstanding options held by the Employee or by any other person.

SECTION 5. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Shares offered under the Plan shall be authorized but unissued Shares or treasury Shares. One Million Five Hundred Thousand (1,500,000) Shares have been reserved for issuance under the Plan (upon exercise of Options or other rights to acquire Shares). The aggregate number of Shares

which may be issued under the Plan shall at all times be subject to adjustment pursuant to Section 9. The number of Shares which are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares which then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) Additional Shares. In the event that any outstanding Option or other right for any reason expires or is canceled or otherwise terminated, the Shares allocable to the unexercised portion of such Option or other right shall again be available for the purposes of the Plan. If Shares are forfeited before any dividends have been paid with respect to the Shares, then such Shares shall again be available for award or sale under the Plan.

SECTION 6. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Offeree and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Offeree within thirty (30) days after the grant of such right was communicated to him by the Committee. Such right shall not be transferable and shall be exercisable only by the Offeree to whom such right was granted.

(c) Purchase Price. The Purchase Price shall be determined by the Committee at its sole discretion. The Purchase Price shall be payable in one of the forms described in Sections 8(a), (b) or (c).

(d) Withholding Taxes. As a condition to the purchase of Shares, the Offeree shall make such arrangements as the Committee may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such purchase.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold under the Plan shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the

Committee may determine. Such restrictions shall be set forth in

the applicable Stock Purchase Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 7. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 9. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an ISO shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant, except as otherwise provided in Section 4(d). Subject to the preceding sentence, the Exercise Price under any Option shall be determined by the Committee at its sole discretion. The Exercise Price shall be payable in one of the forms described in Sections 8(a), (b) and (d).

(d) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Committee may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Committee may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(e) Exercisability and Term. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option. The term shall not exceed ten (10) years from the date of grant (five (5) years for Employees described in Section 4(d)). Subject to the preceding three sentences, the

Committee at its sole discretion shall determine when all or any installment of an Option is to become exercisable and when an Option is to expire.

(f) Nontransferability. During an Optionee's lifetime, his Option(s) shall be exercisable only by him and shall not be transferable. In the event of an Optionee's death, his Option(s) shall not be transferable other than by will or by the laws of descent and distribution.

(g) Exercise of Options Upon Termination of Service. Each Stock Option Agreement shall set forth the extent to which the Optionee shall have the right to exercise the Option following termination of the Optionee's Service with the Company and its Subsidiaries, and the right to exercise the Option of any executors or administrators of the Optionee's estate or any person who has acquired such Option(s) directly from the Optionee by bequest or inheritance. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform

among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

(h) Leaves of Absence. An Optionee's Service shall be deemed to continue while the Optionee is on military leave, sick leave or other bona fide leave of absence (as determined by the Committee). The foregoing notwithstanding, in the case of an ISO granted under the Plan, Service shall not be deemed to continue beyond the first ninety (90) days of such leave, unless the Optionee's reemployment rights are guaranteed by statute or by contract.

(i) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by his Option until the date of the issuance of a stock certificate for such Shares. No adjustments shall be made, except as provided in Section 9.

(j) Modification, Extension and Renewal of Options. Within the limitations of the Plan, the Committee may modify, extend or renew outstanding options or may accept the cancellation of outstanding options (to the extent not previously exercised), whether or not granted hereunder, in return for the grant of new Options at the same or a different price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair his rights or increase his obligations under such Option.

(k) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of

repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 8. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in lawful money of the United States of America at the time when such Shares are purchased, except as provided in Subsections (b), (c) and (d) below.

(b) Surrender of Stock. To the extent that a Stock Option Agreement so provides, payment may be made all or in part with Shares which have already been owned by the Optionee or his representative for more than twelve (12) months and which are surrendered to the Company in good form for transfer. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(c) Services Rendered. At the discretion of the Committee, Shares may be awarded under the Plan in consideration of services rendered to the Company or a Subsidiary prior to the award. If Shares are awarded without the payment of a Purchase Price in cash, the Committee shall make a determination (at the time of the award) of the value of the services rendered by the Offeree and the sufficiency of the consideration to meet the requirements of Section 6(c).

(d) Cashless Exercise. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by delivery (on a form prescribed by the Committee) of an

irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate Exercise Price.

SECTION 9. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the value of Shares, a combination or consolidation of the outstanding Stock (by reclassification or otherwise) into a lesser number of Shares, a

recapitalization or a similar occurrence, the Committee shall make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 5, (ii) the number of Shares available for grants under Section 4(c), (iii) the number of Shares covered by each outstanding Option, (iv) the Exercise Price under each outstanding Option, (v) the number of shares covered by each outstanding award or (vi) the Purchase Price of each outstanding award.

(b) Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement may provide for the assumption of outstanding Options by the surviving corporation or its parent or for their continuation by the Company (if the Company is a surviving corporation); provided, however, that if assumption or continuation of the outstanding Options is not provided by such agreement then the Committee shall have the option of offering the payment of a cash settlement equal to the difference between the amount to be paid for one Share under such agreement and the Exercise Price, in all cases without the Optionees' consent.

(c) Reservation of Rights. Except as provided in this Section 9, an Optionee or Offeree shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 10. LEGAL AND REGULATORY REQUIREMENTS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares complies with (or is exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations and the regulations of any stock exchange on which the Company's securities may then be listed, and the Company has obtained the approval or favorable ruling from any governmental agency which the Company determines is necessary or advisable.

SECTION 11. NO EMPLOYMENT RIGHTS.

No provision of the Plan, nor any right or Option granted under the Plan, shall be construed to give any person any right to become, to be treated as, or to remain an Employee. The Company and its Subsidiaries reserve the right to terminate any person's Service at any time and for any reason, with or without notice.

SECTION 12. DURATION AND AMENDMENTS.

(a) Term of the Plan. The amended and restated Plan, as set forth herein shall terminate automatically on June __, 2009 and may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend the Plan at any time and from time to time. Rights and obligations under any Option granted before amendment of the Plan shall not be materially impaired by such amendment, except with consent of the person to whom the Option was granted. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 13. EXECUTION.

To record the adoption of the amended and restated Plan by the Board of Directors effective as of _____, 1999, the Company has caused its authorized officer to execute the same.

PURCHASEPRO.COM, INC.

By_____
Charles E. Johnson, Jr.
Chief Executive Officer

EXHIBIT 10.8

CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

SOFTWARE AGENCY AND SERVICES AGREEMENT

This Software Agency and Services Agreement ("Agreement") is entered into this 3rd day of May, 1999 ("Effective Date"), between Purchase Pro International, Inc., a Nevada Corporation whose address is 3291 North Buffalo Drive, Las Vegas, Nevada 89129 (hereinafter "Purchase Pro"); ZoomTown.com, Inc., an Ohio corporation with headquarters at 201 East Fourth Street, Cincinnati, Ohio 45202 (hereinafter "ZoomTown.com"); and E-MarketPro, LLC, a Kentucky limited liability company whose address is 2623 Regency Road, Lexington, Kentucky 40503 (hereinafter "E-MarketPro").

1. Definitions

Unless otherwise specified herein, the following terms shall be defined as follows:

(a) Access shall mean the sale, license for use, or other means by which Purchase Pro enables customers to use Software products.

(b) Advertising Revenue shall mean all revenue from advertising, banners, directories, and the like on the co-branded ZoomTown.com/Purchase Pro form of the Software (i.e., the page(s) or areas of the co-branded Software that Customers see when they Access the same).

(c) Agreed Deductions shall mean the amount to be deducted from the Bundled Revenues from a given Bundled Transaction in order to derive the portion thereof that equitably is attributable to the Access included therein, as mutually agreed by Purchase Pro and ZoomTown.com.

(d) Bundled Revenues shall mean the aggregate of all revenues attributable to Bundled Transactions.

(e) Bundled Transaction shall mean a sale, license, lease or other transaction with a Customer in which Access is bundled together with other goods

and/or services (e.g., an ASDL line) in a single or combined economic package. The simultaneous, but separate, sale of Access and other good(s) and services to a Customer, per se, will not give rise to Bundled Transaction if such sale of Access is for full price (without discount).

(f) Contiguous States shall mean the States of Indiana, Michigan, Missouri, Pennsylvania, Tennessee, Virginia and West Virginia.

(g) Customer Guaranteed Minimum shall mean the sum of ** per Customer per month; provided, however, the term Customer Guaranteed Minimum shall apply only to Customers located within the Initial Market Area.

(h) Customer ID shall mean a unique combination of a user-ID number or code (or other identifier) and a password that enables a user of the Software to have Access.

(i) Customers shall mean companies (which term is understood to include all types of business entities as well as sole proprietorships and individuals doing business under their own or any

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other name) located within the Market Area that are granted Access to the Software (determined based on whether such entity has a Customer ID and has local telephone "dial tone" within the Market Area). Notwithstanding the foregoing, Customers shall not include those existing customers of E-MarketPro within the state of Kentucky as are set forth in Exhibit D, hereto, which may be amended in the future by mutual agreement of ZoomTown.com and E-MarketPro. For those parties identified on Exhibit D, rights and obligations shall instead be governed by the provisions of the E-MarketPro Agreement.

(j) Dedicated Support Facility shall mean a suitably staffed and equipped facility (which can serve one or more areas) maintained by Zoomtown.com that is

dedicated to providing First Tier Support in a specific geographic area. The Dedicated Support Facility initially will serve the Initial Market Area.

(k) Defect shall mean any replicable Software programming error that causes a material non-compliance by the then most recent release of the Software with Purchase Pro's published or external specifications and/or operating manuals (or similar documentation) for that Software release.

(l) Disruption shall mean the occurrence of any material disruption in the services to Customers in the ZoomTown.com networks that is solely caused by a Severity Level 1 or Severity Level 2 (as those terms are defined in Exhibit A) Defect in the then most recent release of the Software. For purposes of this Agreement, the term Disruption shall not include (i) any scheduled maintenance periods or any impairment, interruption or failure to perform or respond in the services to Customers in the ZoomTown.com networks that is not caused by use of the Software, in the form provided by Purchase Pro, in accordance with its specifications and documentation or (ii) any thirty (30) day period during which the Software is operational, on average, at least 99% of the time.

(m) E-MarketPro Agreement shall mean the agreement between E-MarketPro and Purchase Pro dated the 1st day of February 1999, as amended.

(n) Gross Revenue shall mean **

(o) Initial Market Area shall mean the States of Ohio and Kentucky.

(p) Launch Date shall mean the date the parties mutually agree that the Software in its co-branded ZoomTown.com/Purchase Pro form is operational and Customers may commence to Access the Software.

(q) Launch Period shall mean the period commencing on the Effective Date and ending on May 17, 1999 (or such other date the parties mutually agree upon in writing).

(r) Market Area shall mean the Initial Market Area, together with the ZoomTown.com network in the Initial Market Area, plus any expansion(s) of the Market Area pursuant to subparagraph

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2.2(b) or the next sentence. Market Area shall also include any mutually agreed (agreement to be in writing and not to be unreasonably withheld) future expansions of the ZoomTown.com network or networks to any additional geographic area(s) in which ZoomTown.com will actively market Access to the Software and will provide First Tier Support for Customers via a Dedicated Support Facility.

(s) Net Revenue shall mean **

(t) Purchase Pro House Account Customers shall mean those customers of Purchase Pro that enter into a regional, national or international contract with Purchase Pro for Access to the Software, together with their respective suppliers and customers that have Access or use the Software under or pursuant to such a contract, including without limitation those Purchase Pro House Account Customers set forth in Exhibit B hereto.

(u) Software shall mean the Purchase Pro proprietary software for the supply, purchase, bid for, offer for sale, lease, trade, barter or exchange goods or services through use of the internet, including all updates and upgrades thereto, offered by Purchase Pro for use by customers, including Customers of ZoomTown.com.

(v) Support

(i) First Tier Support shall mean all initial direct Customer contact and follow-up contact as appropriate regarding Customer calls or inquiries for technical support, maintenance and error correction for the Software and includes, without limitation, (i) information gathering; (ii) handing off of support calls and pass through of problem reports, in the format prescribed by Purchase Pro, to the appropriate Second Tier Support personnel; and (iii) the distribution of Software work-arounds, patches and fixes to Customers directly or by download from the ZoomTown Website (unless Purchase Pro elects to distribute the same as part of a general availability release of the Software or the same is available by download from other internet website(s)). Unless Purchase Pro agrees otherwise, all First Tier Support will be provided on a 7 X 24 basis in accordance with

Purchase Pro's then standard Software support policies and procedures.

(ii) Second Tier Support shall mean problem isolation and identification and follow-up with the Customer and/or First Tier Support personnel, as appropriate.

(iii) Third Tier Support shall mean providing prompt corrective maintenance for the Software in accordance with Exhibit A and Purchase Pro's standard guidelines as in effect from time to time. Corrective maintenance will include action to verify a problem's existence and determine conditions under which the problem may recur. After such verification, one of the following will be provided (unless said guidelines provide otherwise, in which said guidelines will be followed): an appropriate prompt fix for the problem or a temporary solution or workaround for the problem to be followed by a permanent solution in a subsequent Software release, whichever is more reasonable and suitable under the circumstances.

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(w) Transaction Fees shall mean fees charged Customers for Access to the Software based on or measured by the number, dollar volume or other attribute of transactions between Customers or between Customers and third parties for the internet sale, lease, trade, barter or exchange of goods or services via Access to the Software.

(x) ZoomTown Website shall mean the internet website that ZoomTown.com maintains to provide information about itself and the goods and services (including the co-branded ZoomTown.com/Purchase Pro form of the Software) that it markets and sells.

2. Appointment/Market Area

2.1 E-MarketPro Agreement Amendment

During the term of this Agreement, (i) the E-MarketPro Agreement is hereby amended to the extent it is inconsistent with this Agreement as it applies to the Initial Market Area and the Contiguous States and (ii) E-MarketPro hereby waives all rights under the E-MarketPro Agreement to market and offer Access with respect to those specific geographic areas (which instead shall be governed by this Agreement).

2.2 ZoomTown.com

Purchase Pro, E-MarketPro and ZoomTown.com agree that this Agreement grants ZoomTown.com the right, as Purchase Pro's agent and representative and on the terms set forth herein, to market and offer (which terms may include the right to issue Customer IDs in accordance with Purchase Pro's standard policies and practices to Customers), on behalf of Purchase Pro, Access to Purchase Pro's Software worldwide. ZoomTown.com also is granted a non-exclusive license to use the Software and other proprietary materials of Purchase Pro as and for the purposes set forth herein. The rights granted ZoomTown.com hereunder and ZoomTown.com's appointment hereunder as Purchase Pro's agent to market and offer Access to the Software are subject to the following:

(a) ZoomTown.com's right to market and offer Access in geographic areas comprising the Initial Market Area shall be, subject to Purchase Pro's rights with respect to Purchase Pro House Account Customers, (i) exclusive in the State of Ohio and (ii) co-exclusive, with E-MarketPro's similar appointment under Paragraph 2.3 below, in the State of Kentucky. Subject to subparagraphs 2.2(b) and 2.2(c) below, ZoomTown.com's right to market and offer Access in geographic areas outside the Initial Market Area shall be non-exclusive, notwithstanding any future expansions of the Market Area due to an expansion of the ZoomTown.com network to geographic locations pursuant to subparagraph 1(r) above.

(b) Purchase Pro reserves the right to grant third parties exclusive rights to market and offer Access to the Software in specific geographic area(s) within the Contiguous States, subject to the provisions of this subparagraph 2.2(b). If PurchasePro desires to grant exclusive rights to market and offer Access to the Software in specific geographic area(s) within the Contiguous States, then Purchase Pro shall offer that exclusivity in writing to ZoomTown.com under the terms of this Agreement as an expansion of the Market Area. If ZoomTown.com accepts Purchase Pro's offer in

writing within thirty (30) days, then the Market Area shall be expanded to include said geographic area(s) on an exclusive basis (even as to E-MarketPro, except for Access to the co-branded Software by persons or entities located in that geographic area that result from E-MarketPro customers requesting Access for their suppliers or customers who are in that geographic area). If ZoomTown.com does not so accept Purchase Pro's offer, then E-MarketPro shall have a right of first refusal to acquire exclusive rights (even as to ZoomTown.com, except for Access by persons or entities located in that geographic area that result from Customers requesting Access for their suppliers or customers who are in that geographic area) in those geographic area(s) on a "match-offer" basis (which right shall be exercisable, if at all, during the ten (10) day period that follows the lapse of ZoomTown.com's thirty (30) day acceptance period described in the preceding sentence). If ZoomTown.com does not so accept exclusivity and expansion of the Market Area and E-MarketPro does not so exercise its right of first refusal in a given geographic area, then if Purchase Pro enters into such exclusive agreement with a third party, neither ZoomTown.com nor E-MarketPro shall have any further right to market and offer Access to the Software in that geographic area thereafter, except for Access by persons or entities located in that geographic area that result from Customers requesting Access for their suppliers or customers who are in that geographic area.

(c) Purchase Pro reserves the right to grant third parties exclusive rights to market and offer Access to the Software in specific geographic area(s) outside of the Initial Market Area and the Contiguous States.

(d) ZoomTown.com may elect to provide (and license, to the extent of any proprietary rights of ZoomTown.com therein) to Purchase Pro, and Purchase Pro may in turn provide and, if applicable, sublicense to the third party, a turnkey type package that will allow the third party to replicate ZoomTown.com's First Tier Support structure and ZoomTown Website page(s) relating to the Software and to develop, host, maintain, train and market and offer Access to the Software in the third party's geographic area in a manner that is comparable to ZoomTown.com's efforts in the Market Area. If a third party is so provided a turnkey package pursuant to this subparagraph 2.2(d), then Purchase Pro shall pay, quarterly, royalties equal to (i) ** of the Gross Revenue from such third
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party's customers located (determined in the same manner as Customers are determined; see subparagraph 1(r) above) in such third party's geographic area to ZoomTown.com and (ii) ** of such Gross Revenue to E-MarketPro. Any amounts
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owed to ZoomTown.com pursuant to this provision shall be in addition to any amounts that may otherwise be owed to ZoomTown pursuant to Paragraph 5, below.

(e) ZoomTown.com's exclusive rights to market and offer Access to the Software as provided in this Agreement notwithstanding, ZoomTown.com's rights to market and offer Access to the Software to Purchase Pro House Account Customers always shall be non-exclusive. Purchase Pro House Account Customers that are located in the Market Area (see subparagraph 1(r) above) shall be granted Access to (i) a fully-featured version of the co-branded Software, if charged the full

price determined according to Paragraph 5.1 below, or (ii) a restricted version of the Software that is not co-branded and does not include the ability to access the "public network" national market place that is a feature of the co-branded Software, if charged less than the full price determined according to Paragraph 5.1 below. ZoomTown.com may market and offer an upgrade up to the fully-featured version of the Software to Purchase Pro House Account Customers located in the Market Area that receive the restricted version.

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(f) ZoomTown.com is hereby authorized to enter into binding agreements (licenses) granting Access to Customers that are obtained through the efforts of ZoomTown.com hereunder, provided that each such Customer meets the credit approval criteria employed by ZoomTown.com and Cincinnati Bell Inc. in the ordinary course of business and that all such agreements shall be in a standard form agreement provided by Purchase Pro from time-to-time, with only such changes (other than Customer-specific information such as name, address and the like) as Purchase Pro approves in writing. Purchase Pro shall consult with ZoomTown.com regarding the form and content of such standard form agreement, and ZoomTown.com shall have the right to approve any provision thereof that it reasonably determines would create any obligation or liability on the part of ZoomTown.com.

(g) ZoomTown.com shall only execute or otherwise enter into agreements with Customers pursuant to subparagraph 2.2(f) as Purchase Pro's agent and on Purchase Pro's behalf, and Purchase Pro and Customer shall be the contracting parties under all such agreements.

2.3 E-MarketPro

Purchase Pro, E-MarketPro and ZoomTown.com agree that this Agreement grants E-MarketPro the right, as Purchase Pro's agent and representative and on the terms set forth herein, to market and offer (which terms may include the right to issue Customer IDs in accordance with Purchase Pro's standard policies and practices to Customers), on behalf of Purchase Pro, Access to Purchase Pro's Software. The rights granted E-MarketPro hereunder and E-MarketPro's appointment

hereunder as Purchase Pro's agent to market and offer Access to the Software is (i) co-exclusive, subject to Purchase Pro's rights with respect to Purchase Pro House Account Customers, with the rights of ZoomTown.com under Paragraph 2.2 in the State of Kentucky and (ii) except as otherwise provided in subparagraphs 2.2(b) and 2.2(c), non-exclusive in the Contiguous States. During the term of this Agreement, E-MarketPro shall not have any rights to market or offer Access in the State of Ohio, or in those areas of Kentucky which are part of the Cincinnati Bell Telephone local service area or the ZoomTown.com networks except for Access to the co-branded Software (as set forth in Paragraph 4.1(ix) below) for E-MarketPro customers or E-MarketPro customers requesting Access for their suppliers or customers who are in that geographic area. For sales of Access by E-MarketPro in the State of Ohio or in those areas of Kentucky specified above, payment to E-MarketPro shall be pursuant to paragraph 5.2(ii), below. E-MarketPro's right to market and offer Access in geographic areas outside the Initial Market Area and the Contiguous States shall remain as stated in the E-MarketPro Agreement.

3. Responsibilities of ZoomTown.com

3.1 Sales and Support Responsibilities

In addition to its other rights, understandings and obligations created by this Agreement, ZoomTown.com shall, during the term of this Agreement:

(i) Co-brand Purchase Pro's Software in the Market Area by altering, with technical assistance from Purchase Pro, the look and graphics of its advertising and promotional

materials and the pages of the ZoomTown Website so as to reflect ZoomTown.com's offering of Access to the Software coupled with the statement "powered by Purchase Pro" and to include on the ZoomTown Website information on how a Customer may order Access to the Software.

(ii) Use its best commercially reasonable efforts to achieve the Launch Date on or before the end of the Launch Period.

(iii) Use its best commercially reasonable efforts to promote, market and offer Access to Purchase Pro's Software to Customers and to maximize sales of Access throughout the Market Area.

(iv) Act solely as an independent organization, without authority to commit Purchase Pro except as specifically provided in

subparagraphs 2.2(f) and 2.2(g) above, and to employ its own facilities at its own expense to perform its obligations hereunder.

(v) Complete and/or carry out before the Launch Date training of its personnel, where applicable based on the training offered by Purchase Pro on a "train-the-trainer" basis (see subparagraph 4.1(vi) below), as reasonably required to maintain an informed and suitably qualified and knowledgeable sales, technical support, and application engineering organization and to maximize sales of Access in the Market Area, to provide First Tier Support and carry out ZoomTown.com's other obligations and duties hereunder and to assist Purchase Pro's personnel with the application and service of the Software.

(vi) Provide Purchase Pro with electronic copies of any marketing materials and web-specific content regarding the Software developed by or for ZoomTown.com. Purchase Pro will be responsible for production, at its expense, of literature and materials and/or web pages based on content provided by ZoomTown.com. Any such production by Purchase Pro may include quantities ordered by ZoomTown.com.

(vii) Provide First Tier Support to Customers in good standing in the Market Area that are using Purchase Pro Software.

(viii) Provide such additional services as may be agreed upon with Purchase Pro.

4. Responsibilities of Purchase Pro

4.1 Support and Sales Responsibilities

In addition to its other rights, understandings and obligations created by this Agreement, Purchase Pro shall, during the term of this Agreement:

(i) Use its best commercially reasonable efforts to assist ZoomTown.com in achieving the Launch Date on or before the end of the Launch Period.

(ii) Promptly upon their general availability, provide all fully-featured releases of the Software to ZoomTown.com, free of charge. The parties may also enter into a mutually agreeable,

separate written beta-test agreement pursuant to which ZoomTown.com will receive and undertake to test "beta" and other pre-general availability releases of the Software.

(iii) Develop, install and maintain all client software necessary to co-brand with ZoomTown.com the Purchase Pro Software as provided in subparagraph 3.1(i) above, at no charge to ZoomTown.com.

(iv) Provide, at ZoomTown.com's cost for reasonable travel and living expenses, an on-site subject matter expert to install, test and maintain any Purchase Pro Software at any ZoomTown.com location at mutually scheduled time(s) during the Launch Period.

(v) Provide Access to standard services and generally available Software upgrades to Customers on the same basis and at the same cost as to all other similarly situated customers of Purchase Pro. This provision shall not prevent Purchase Pro from developing and offering customized and/or dedicated solutions to particular customers.

(vi) Conduct mutually scheduled training sessions for the ZoomTown.com's sales and support personnel, both before the Launch Date and thereafter. Such training will be at no charge, except that if conducted at ZoomTown.com's location, ZoomTown.com will bear the reasonable travel and living expenses of the Purchase Pro personnel involved. After the first anniversary of the Launch Date, any such training will be provided on a "train-the-trainer" basis only.

(vii) Provide ZoomTown.com with electronic copies of any marketing materials and web-specific content regarding the Software developed by or for Purchase Pro. ZoomTown.com will be responsible for production, at its expense, of literature and materials and/or web pages based on content provided by Purchase Pro. Any such production by ZoomTown.com may include quantities ordered by Purchase Pro.

(viii) Provide Second Tier Support and Third Tier Support, within the time limitations specified in Exhibit A, to ZoomTown.com and to all Customers in good standing that are using Purchase Pro Software.

(ix) Offer and allow Access only to the ZoomTown.com co-branded Software (see subparagraph 4.1(ii)) to any Customers in the Cincinnati Bell Telephone service area and to any Customer on the ZoomTown.com networks, with the exception of Purchase Pro House Account Customers as set forth herein.

(x) Provide such additional services as may be agreed upon with ZoomTown.com.

4.2 Scope and Limitation of Purchase Pro's Authority

Neither E-MarketPro nor Purchase Pro shall have any power or authority to act for, bind or commit ZoomTown.com. Purchase Pro may not use the name of the ZoomTown.com in any sales promotion literature, news release, or advertising outside of that which is permitted under or contemplated by the terms of this Agreement, without the express written consent of the ZoomTown.com in each instance.

4.3 Quality Standards

Purchase Pro shall provide a general availability release of the Software in accordance with Purchase Pro's normal quality assurance that is free of any Defects that are known to Purchase Pro and not corrected or subject to a reasonable software patch or problem work-around, no later than the Launch Date. Purchase Pro will not knowingly release any general availability version of the Software that Purchase Pro believes is likely to have a substantial incidence of Disruptions without notifying ZoomTown.com.

4.4 No Warranties

Subject to paragraph 4.6, (i) ZoomTown.com acknowledges that the Software is provided "AS-IS" and (ii) Purchase Pro does not warrant its Software to be free from any Defects or that its operation will be free from Disruption. In lieu any warranty in respect of the Software, Purchase Pro will provide ZoomTown.com with error correction services for the Software in accordance with Exhibit A, free of charge.

4.5 Correction of Software Defects

In the event the Software is found to contain a Defect, Purchase Pro shall take steps to remedy the Defect in accordance with the applicable provisions of Exhibit A.

4.6 Year 2000 Compliance

Purchase Pro represents and warrants as follows: that the Software is designed to be used prior to, during, and after the year 2000 A. D. and that it will operate during such time periods without error relating to its internal

processing of date data that is presented to the Software in an industry-standard, year 2000 compliant format (referred to herein as being in a "Y2K Compliant Date Format") which represent or reference different centuries or more than one century; that no value for current date in Y2K Compliant Date Format will cause interruptions in normal operation; that all manipulations of calendar-related data (dates, duration, days of week, etc.) in Y2K Compliant Date Format will produce correct results for all valid date values; that date elements in interfaces and data storage within the Software permits specifying century or uses another industry-standard technique to eliminate date ambiguity by using a Y2K Compliant Date Format; and that for any date element represented without century, the correct century is unambiguous for all manipulations involving that element which occur during the warranty period set forth in the next sentence. The Year 2000 Compliance Warranty set forth herein shall expire on the date on which the Software has operated without a material breach of this Year 2000 Compliance Warranty for a consecutive 12-month period after January 1, 2000. Any

failure of the Software to comply with this Year 2000 Compliance Warranty shall be promptly repaired by Purchase Pro in accordance with the applicable provisions of Exhibit A.

4.7 Disruption of the ZoomTown.com Network

Notwithstanding anything in this Agreement to the contrary, in the event that there is any Disruption in the ZoomTown.com network which is caused by or under the control of Purchase Pro, Purchase Pro shall take all commercially reasonable actions necessary to terminate the Disruption as soon as practicable. In the event the Disruption of in the ZoomTown.com network is not caused by or under the control of Purchase Pro, Purchase Pro shall cooperate in ZoomTown.com's efforts to terminate such Disruption as reasonably requested by ZoomTown.com, at ZoomTown.com's expense.

4.8 Security

Purchase Pro will include and maintain in the Software and/or otherwise use such encryption and firewall technologies and/or other security systems or procedures as it believes are reasonable and appropriate for the purpose that data transmission to and from the Software will be secure. Purchase Pro does not represent or warrant that the Software cannot be "hacked," that all such data transmissions will be secure in all circumstances, or that the encryption and firewall technologies and/or other security systems or procedures that it maintains in the Software or uses cannot be broken or evaded. In addition, this

paragraph 4.8 shall not require Purchase Pro to use or maintain in the Software any encryption and firewall technologies and/or other security systems or procedures in violation of any applicable law or regulation.

4.9 Development of Enhanced Software

The parties hereto anticipate that, from time-to-time, ZoomTown.com may request the further development of the Software to include new features or functions. In such event, ZoomTown.com shall make such requests in writing, specifying with particularity the desired characteristics and specifications of said improvements, features, or functions, and Purchase Pro shall promptly prepare a written preliminary proposal for development of same, said proposal to include a schedule for development and an estimated cost of completion. In the event the preliminary proposal is acceptable to ZoomTown.com, the parties shall negotiate in good faith the terms of a final proposal, including a final set of design specifications, performance characteristics, development schedule, and price, which upon written approval and acceptance by both parties shall constitute a binding addendum to this Agreement.

5. Customer Sales

5.1 Price

Purchase Pro, in consultation with ZoomTown.com, shall determine the market sale price for all Access and all additional software and services to be provided to Customers in the Market Area, including, without limitation, upgrades to fully-featured versions pursuant to subparagraph 2.2(e). An initial schedule of such fees for Access to the Software and services shall be memorialized in writing before the Launch Date.

5.2 Invoicing and Terms of Payment

(i) For the initial 24 months after the Launch Date, Purchase Pro shall invoice on a regular basis all Customers at the price determined under paragraph 5.1 plus any amount owed for additional goods or services provided to the Customer. Beginning with the twenty-fifth (25th) such month, ZoomTown.com may elect in its sole discretion to invoice on a regular basis all Customers on behalf of Purchase Pro, whereupon ZoomTown.com shall invoice the Customers (with appropriate mention of Purchase Pro's name on the invoice); in such event, the parties shall cooperate

to transition the billing and collection responsibility to ZoomTown.com. Regardless of the party performing the billing and collection function, all Gross Revenues subject to this Agreement are revenues of Purchase Pro. Purchase Pro shall pay sales commissions to ZoomTown.com and E-MarketPro on such revenues in accordance with subparagraphs 5.2(ii) through 5.2(iv).

(ii) Purchase Pro shall pay (1) a sales commission to ZoomTown.com equal to ** of the Net Revenues from Customers in the Initial Market Area during the period ending on the first anniversary of the Launch Date and (2) a sales commission to E-MarketPro equal to ** of such Net Revenues. Purchase Pro shall pay (1) a sales commission to ZoomTown.com equal to ** of the Net Revenues from Customers in the Initial Market Area after the first anniversary of the Launch Date and (2) a sales commission to E-MarketPro equal to ** of such Net Revenues. Purchase Pro shall pay (1) a sales commission to ZoomTown.com equal to (a) ** of the Net Revenues from Customers in the Contiguous States minus (b) the amount payable to E-MarketPro pursuant to clause (2) of this sentence, and (2) a sales commission to E-MarketPro equal to the lesser of ** of such Net Revenues or ** per such Customer per month. Purchase Pro shall pay (1) a sales commission to ZoomTown.com equal to ** of the Net Revenues, and (2) a sales commission to E-MarketPro equal to ** of such Net Revenues from Customers in any expansion of the Market Area outside of the Initial Market and the Contiguous States.

(iii) For Access by persons or entities located outside the Market Area that have a Customer ID issued as a result of a sale by ZoomTown.com pursuant to paragraph 2.2 or that result from Customers requesting Access for their suppliers or customers who are in an area outside the Market Area and/or from the marketing and sales efforts by ZoomTown.com outside the Market Area (i.e., in both cases, persons or entities that ZoomTown.com has "signed up" to have Access, but for whom ZoomTown.com is not obligated to provide First Tier Support), Purchase Pro shall pay (1) a sales commission to ZoomTown.com equal to ** of all Gross Revenue arising from such Access, and (2) a sales commission to E-MarketPro equal to ** of all Gross Revenue arising from such Access, unless such Access is within the Contiguous States in which case Purchase Pro shall pay (1) a sales commission to

ZoomTown.com equal to **
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* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

of all Gross Revenue arising from such Access and (2) a sales commission to E-MarketPro equal to ** of all Gross Revenue arising from such Access. The obligations contained in this subparagraph 5.2(iii) shall extend to first line customers and suppliers only, and not to subsequent downline customers or suppliers, unless such downline customers or suppliers themselves are in the Market Area, in which case the applicable sales commission set forth in subparagraph 5.2(ii), above, shall apply as to them.

(iv) Purchase Pro shall pay a sales commission on the portion of the Gross Revenues remitted for any given month that is represented by the Customer Guaranteed Minimum, as follows: (1) ZoomTown.com shall be entitled to a sales commission equal to the Customer Guaranteed Minimum attributable to the first **
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Customers and (2) E-MarketPro shall be entitled to a sales commission equal to the Customer Guaranteed Minimum attributable to all remaining Customers times the sales commission percentage under the first two sentences of subparagraph 5.2(ii) that applies to the corresponding Net Revenues from such Customers. For avoidance of doubt, this counting of the "**" applies
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separately and afresh for each monthly remittance under subparagraph 5.2(v) and does not refer to the first ** Customers
--
since the inception of this Agreement.

(v) The appropriate party (i.e., the party performing billing and collection functions with respect to the Gross Revenues in question) shall remit, on an end-of-calendar-month basis one month in arrears (e.g., remit at the end of February for Net Revenues in January), to the other parties hereunder the respective amounts to which they are entitled under the

provisions of subparagraph 2.2(d) (if applicable) and this Paragraph 5.2. The party obligated to remit sums to the other under this paragraph 5.2(v) shall provide to the other parties, with each monthly remittance, a written report of all amounts invoiced, amounts collected, and any deductions from amounts otherwise due to such other party.

(vi) Except as otherwise agreed in any "match-offer" agreement entered into pursuant to subparagraph 2.2(b), and as to Gross Revenues and Net Revenues on which E-MarketPro receives a sales commission under this Agreement, the payment by Purchase Pro to E-MarketPro of sales commissions on revenues from Access by customers that result from sales by E-MarketPro shall be governed by the E-MarketPro Agreement.

5.3 Initial Payment

Upon execution of this Agreement, ZoomTown.com will pay to Purchase Pro the amount of **, which payment shall be non-refundable. Purchase Pro shall pay a sales commission to E-MarketPro equal to ** of such amount.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

5.4 Taxes

The party responsible under law will collect and remit as required by applicable law any sales, use, value-added or excise taxes, in amounts legally levied or imposed under the authority of a federal, state or local taxing jurisdiction, on the Gross Revenues or royalties under subparagraph 2.2(d) (or any part thereof) subject to this Agreement for Access to the Software, and the provision of related services.

5.5 Exchange of Necessary Information

The applicable party, in a timely fashion and periodically as the parties mutually agree, shall provide the other party with the necessary billing, Gross or Net Revenue and other information (including any applicable pre-paid amounts and other offset credits and applicable tax calculations under paragraph 5.4) in such party's possession or control in order that the party responsible hereunder may invoice Customers for the correct amounts under paragraph 5.2 and collect and remit taxes as required by paragraph 5.4.

5.6 Quarterly Settle-Up

Not less frequently than quarterly, the parties will settle-up and reimburse each other as required so that (i) any remittances under paragraph 5.2 that represent bad debt are reimbursed back to the party that made the remittance and (ii) tax payments under paragraph 5.4 are borne by the parties in proportion to their respective shares of the pertinent revenue under paragraph 5.2.

6. Intellectual Property

6.1 Ownership of Intellectual Property Rights

The parties agree that all prior patent, copyright, trademark or other intellectual property rights in and to any product or idea existing prior to the date of this Agreement shall remain with the party holding such rights. Each party grants to the other parties a license for use of such intellectual property to the extent necessary to perform its obligations hereunder. All materials developed pursuant to any accepted final proposal (including, without limitation, all preliminary and final plans and all Software and collateral materials, regardless of the medium) pursuant to Paragraph 4.9 above, and all corresponding copyrights, trade secret rights, and patent rights, shall be the property of parties as they may agree pursuant to paragraph 4.9. In no event, however, will ZoomTown.com acquire any ownership rights to any underlying intellectual property of Purchase Pro, notwithstanding any agreement under paragraph 4.9 that ZoomTown.com shall have or acquire any ownership rights in a derivative work thereof. Purchase Pro and ZoomTown.com shall execute and deliver all documents reasonably requested by the other as necessary to perfect, register, and/or enforce all patents, copyrights and other rights and protection relating to materials subject to paragraph 4.9 in any and all countries.

6.2 Co-Branding

The parties acknowledge and agree that the other parties' own valuable trademarks for various trade names, which will be contributed to the co-branding of the Software. Each party agrees to take, in consultation with the other party and at its written request and expense, all actions reasonably necessary to protect the trademarks of the other and to avoid confusion in the public and inadvertent loss of trademark rights, and to comply with the other's guidelines and procedures on trademark usage.

6.3 Patent, Copyright and Trademark Indemnity

Purchase Pro warrants that its Software does not and will not infringe upon any US patent issued as of the Effective Date, US copyright, US trademark or trade secret owned by any third party, and shall, at its expense, defend and indemnify ZoomTown.com for costs and damages and expenses (including reasonable attorneys fees) incurred in any suit, claim or proceeding brought against ZoomTown.com alleging that the Software or software sold or offered for use pursuant to this Agreement infringes any such patents, copyrights, trademarks or other intellectual property rights, provided Purchase Pro has sole control over and ZoomTown.com fully cooperates in such defense and any settlement of such claim. Should Access or the use of any unit of the Software by ZoomTown.com or its Customers be enjoined, or in the event that Purchase Pro desires to minimize its liabilities hereunder, Purchase Pro may, at its option, either (i) substitute a fully equivalent non-infringing unit of the Software, modify the infringing item so that it no longer infringes but remains fully equivalent, or obtain for ZoomTown.com and ZoomTown.com's Customers, at its own expense, the right to continue use of such item or (ii) if the alternatives under clause (i) are not available at commercially reasonable cost, terminate this Agreement as to the subject Software.

7. Attorneys Fees

If any arbitration or litigation is commenced between or among parties to this Agreement or their personal representatives concerning any of the provisions of this Agreement or the rights and duties of any person in relation thereto, the party or parties prevailing in such arbitration or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum for their attorneys fees which shall be determined by the Court in such litigation or in a separate action brought for that purpose.

8. Force Majeure

A party shall be excused from any delay or failure in its performance hereunder caused by any labor dispute, governmental requirement, act of God, and other causes beyond its control. If such delaying cause shall continue for more than ten (10) days, the party injured by the inability of the other to perform shall have the right upon ten (10) days prior written notice to terminate this Agreement.

9. Governmental Authorities

No party shall be required to do anything contrary to any applicable directive or obligation of any competent governmental authority, and shall promptly notify the other parties if compelled by law, act, or government decree to act otherwise than in accordance with this Agreement.

10. Assumption of Liabilities or Obligations

Except as specified herein, this Agreement in no way confers upon any party the right to act as the legal representative or agent of any other party, nor shall any party have the right or authority to assume any liability or obligation of any kind on behalf of any other party.

11. Agreement Termination

11.1 Termination

(i) The parties warrant that all identifying signs, literature, logos and other evidence linking ZoomTown.com and Purchase Pro shall be removed or destroyed upon termination of this Agreement.

(ii) Should this Agreement be terminated by any party in accordance with paragraphs 11.2 or 11.3 prior to payment of amounts due hereunder or pursuant hereto for periods prior to the date of termination, such amount shall be paid (by the responsible party, as the case may be) as when due in accordance with the terms hereof.

11.2 Termination by Default

This Agreement shall terminate, at the option of a non-defaulting party, upon substantial default or material breach of any of the terms, conditions, or obligations hereunder unless the defaulting party is able to fully remedy the default or breach within thirty (30) days (or one (1) business day in the case of a default under paragraph 4.7). Upon termination of this Agreement by substantial default or material breach, all rights and privileges granted under this Agreement to the defaulting party shall immediately terminate. Termination of this Agreement by default shall not relieve the defaulting party of its obligations hereunder.

11.3 Insolvency or Bankruptcy

This Agreement shall terminate if any party becomes insolvent or bankrupt, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or ceases to function as a going concern or to conduct its operations in the normal course of business.

11.4 Provision for Customers in the Event of Termination

(i) In the event this Agreement is terminated, whether by default or otherwise, the responsible party shall continue to remit to the other party all amounts owed, pursuant to Paragraph 5.2, above.

(ii) In the event this Agreement is terminated, ZoomTown.com shall be permitted to offer to any Customer any such other or additional software and services, whether competing or not, or access thereto, without further liability to Purchase Pro or E-MarketPro.

11.5 Escrow Agreement for the Retention of Software

Within sixty (60) days after the Effective Date, ZoomTown.com and Purchase Pro shall enter into a source code escrow with a mutually agreeable escrow agent, substantially in the form attached as Exhibit C hereto.

11.6 Limitation of Default Rights and Remedies.

Notwithstanding anything in this Agreement to the contrary, it is expressly understood and agreed by the parties that the right to declare default hereunder by E-MarketPro shall be limited to claims of non-payment under Paragraph 5 and Paragraph 2.2(d) and claims of breach of obligations to offer the right of first refusal under Paragraph 2.2(c), and E-MarketPro specifically waives any rights to declare default except for those claims specified above. In the event E-MarketPro declares default, remedies shall be limited to collection of amounts found owing to E-MarketPro. In no event shall a declaration of default by E-MarketPro constitute a default of any other provision hereunder, or relieve any party including E-MarketPro, from continuing to perform all obligations hereunder.

12. Assignment

This Agreement may not be assigned in whole or in part by a party without the consent of the other parties hereto. Such consent shall not be required in the case of a sale of all or substantially all the assets of the assigning party or an assignment to an entity directly or indirectly owning or controlling, owned or controlled by, or under common control with the assigning party and, in any event, shall not be unreasonably withheld except for good and just cause and shall not be deemed a waiver of this Article for any proposed subsequent assignments. Notwithstanding the foregoing, ZoomTown.com shall retain the right to terminate this Agreement without further obligation or liability to Purchase Pro or E-MarketPro, its successors or assigns, if, in its sole and exclusive judgment, any assignment or purported assignment by Purchase Pro or E-MarketPro is to be made to a competitor of Cincinnati Bell.

13. Sole Agreement

This Agreement contains the sole and only agreement of the parties and correctly sets forth the rights, duties, and obligations of each party to the other parties as of its date together with the standards

and any other agreements in writing which the parties mutually agree upon. Any prior agreements, promises, negotiations, or representations with respect to the specific subject matter of this Agreement that are not expressly set forth in this Agreement are of no force and effect. This Paragraph 13 does not affect or apply to the E-MarketPro Agreement, except so far as this Agreement specifically supercedes or amends the E-MarketPro Agreement.

14. Paragraph Titles

Paragraph titles or captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement, nor the intent of any provision thereof.

15. Confidentiality and Non-Disclosure

Each party acknowledges that in the course of its performance hereunder, and in offering services to Customers, it may obtain confidential information, including without limitation customer lists, buying habits and marketing strategies, concerning E-MarketPro, Purchase Pro, Cincinnati Bell Inc., ZoomTown.com, and/or the affiliates and/or customers of such entities. Each party expressly agrees that it shall not, without express written consent of the other party, disclose any such information of the other party or its affiliates or customers to any third party, or use such information for purposes not

related to its performance hereunder. The parties will discuss in good faith a separate agreement regarding the sale of Customer lists and other similar data generated by operation of the Software as contemplated by this Agreement.

16. Jurisdiction

16.1 Governing Law

This Agreement, and all of the rights and duties in connection therewith, shall be governed by and construed under the laws of the State of Ohio, USA.

16.2 Subject Matter and Personal Jurisdiction

The courts located in the State Ohio shall have full subject matter jurisdiction, and shall have full personal jurisdiction over E-MarketPro, Purchase Pro and ZoomTown.com in connection with any controversy, claim, or award arising out of this Agreement or between the parties. Any suit to enforce the terms herein or between the parties shall be brought in any court of competent jurisdiction in Hamilton County, Ohio, and the parties specifically waive hereby any claims or defenses of personal jurisdiction, improper venue, or forum non-conveniens with respect to litigation brought in accordance with this paragraph 16.2.

17. Amendments

This Agreement may be amended only by the mutual written consent of all the parties hereto.

18. Waivers

Except as herein provided to the contrary, failure by any party to insist upon strict and complete performance of any or all of the terms or conditions contained in this Agreement shall not constitute nor be construed as a waiver of that party's right to thereafter enforce any such terms or conditions, nor shall it be deemed a waiver of any other term or condition contained herein.

19. Construction and Severance

The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against any party hereto.

If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unreasonable, the remainder of the provisions hereof shall remain in full force and effect.

20. Access to Records

The parties hereto shall keep accurate records in sufficient detail to enable the determination of the payments payable to the other parties and each party shall permit examination and inspection of the records by authorized representatives of the other parties, upon reasonable notice, during usual business hours to the extent necessary to verify the reports and payments required hereunder.

21. Term of Agreement

21.1 Initial Term of Agreement

This Agreement shall become effective on the date on which it is executed and shall continue until the last day of the calendar month in which the third anniversary of the Launch Date occurs.

21.2 Extensions of Agreement

At the expiration of this Agreement, as described in Paragraph 21.1 above, and provided that it has not been subject to earlier termination, this Agreement shall continue on a year to year basis thereafter unless a party advises the other parties in writing at least thirty (30) days in advance of its intent to terminate this Agreement, in which event such termination shall become effective thirty (30) days after receipt of such notice.

22. Counterparts

This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

23. Corporate Authority

The persons executing this Agreement warrant that they have the right, power, legal capacity, and appropriate authority to enter into this Agreement on behalf of the entity for whom they sign.

24. Remedies: Non-Exclusive

No remedy conferred by any specific provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereinafter existing in law, or in equity, or by stature, or by otherwise. The election of one or more remedies by a party shall not constitute a waiver of the right to pursue other available remedies.

25. Notices

With the exception of bills, invoices, and shipping papers, all notices or other communications provided for by this Agreement shall be made in writing and shall be deemed properly delivered (i) when delivered personally, or (ii) by the mailing of such notice to the parties entitled thereto, registered or certified mail, postage prepaid to the parties at their address set forth below: (or such address designated, in writing, by one party to the other parties).

To ZoomTown.com, Inc.

ZoomTown.com, Inc.
Attention: Michael O'Brien
Suite 102-715
201 East Fourth Street
Cincinnati, Ohio 45202

To Purchase Pro, Inc.

Purchase Pro International, Inc.
Attention: Christopher P. Carton
3291 North Buffalo Drive
Las Vegas, Nevada 89129

With a copy to:

Purchase Pro International, Inc.
Attention: Brad Redmon
2623 Regency Road
Lexington, Kentucky 40503

To: E-MarketPro

E-MarketPro, LLC
Attention: Brad Redmon
2623 Regency Road
Lexington, Kentucky 40503

26. Participation on the Software Steering Committee

It is acknowledged that Purchase Pro maintains a committee known as the Software Steering Committee ("Committee") which is responsible for the design of all software of Purchase Pro, including the Software, and all alterations, upgrades and updates thereto, together with the implementation of such changes

to the Software or other Purchase Pro software. In furtherance hereof, ZoomTown.com shall be entitled to appoint one member of the Committee during the term of this Agreement, with full power as is granted all other members.

PURCHASE PRO INTERNATIONAL, INC.
(Purchase Pro)

BY:

Signature: /s/ CHARLES JOHNSON, JR.

Typed Name: Charles Johnson, Jr.

Title: Chief Executive Officer

Date: 5/19/99

ZOOMTOWN.COM

Signature: /s/ MICHAEL O'BRIEN

Typed Name: Michael O'Brien

Title: President

Date: 5/19/99

E-MARKETPRO, LLC
(E-MarketPro)

BY:

Signature: /s/ BRADLEY REDMON

Typed Name: Bradley Redmon

Title: Sole Member

Date: 5/19/99

Exhibit A

Exhibit B

List of the Purchase Pro House Account Customers

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as of the Effective date

Office Depot
CompUSA
HPS & Affiliates
Marriott
Hilton
Meristar
Starwood
Best Western
Orlando Chamber of Commerce (Orlando, FL)
Phoenix Chamber of Commerce (Phoenix, AZ)

Exhibit C

Exhibit D

EXHIBIT 10.10

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into effective as of the __ day of January, 1999, by and among PURCHASE PRO INTERNATIONAL, INC., a Nevada corporation, whose address is 3291 North Buffalo Drive, Las Vegas, NV 89129 ("PPI"), and E-MARKETPRO, LLC, with its principal office and place of business at _____ ("Contractor").

RECITALS:

WHEREAS, PPI is the developer and owner of an Internet purchasing network operated by PPI under the name "Purchase Pro" (the "Network"); and

WHEREAS, PPI and Contractor desire to enter into this Agreement relating to Contractor's marketing of Network subscriptions;

NOW, THEREFORE, in consideration of their mutual covenants and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to and affirm the foregoing recitals and further agree as follows:

1. Marketing Rights; Revenue Sharing; Related Matters.

a. PPI hereby grants to Contractor the right from and after the date of this Agreement and for the term set forth herein to sell subscriptions to the Network to all persons or entities with their residence or principal place of business located in the following designated area (herein the "Territory"): the states of Kentucky and Ohio. Provided, however, Contractor shall have the right to market the Network to persons and entities outside of the Territory if such persons or entities are doing business with a subscriber within the Territory and the existence of such other persons or entities is made aware to Contractor by such subscriber. PPI agrees that neither it nor any other person to whom it may grant Network marketing rights shall establish an office in the Territory for the purpose of marketing Network subscriptions. Contractor shall not establish an office or have a place of business for the purpose of marketing the Network anywhere outside of the Territory without PPI's prior written consent. Contractor acknowledges that third parties to whom PPI may grant marketing rights and PPI itself have the right to market Network subscriptions to persons or entities located within the Territory on the same terms as Contractor has the right to market to persons outside of the Territory as stated above in this paragraph. Contractor shall have no rights of any kind with respect to the Network or the marketing of the Network outside of the Territory except as provided in this Agreement.

a. For all Network subscriptions obtained by Contractor in accordance with this Agreement from subscribers outside of the Territory but from an area for which the Network marketing rights have been granted to a third party or where PPI itself is marketing subscriptions (herein collectively the "Ex-Territory Subscriptions"), Contractor agrees that such Ex-Territory Subscriptions may, at the request of PPI, be serviced by either PPI or the owner of the marketing rights in such area by installing and providing normal customer support to such subscribers, in which case revenue from such Ex-Territory Subscriptions shall be credited 50% each to Contractor and the person providing the installation and customer service for as long as such customer support is provided by PPI or such third person. Provided, however, if Contractor desires to service such Ex-Territory Subscriptions and demonstrates its ability to do so in accordance with PPI's customer service standards, Contractor shall retain the servicing of such

subscriptions. Provided, further, however, all amounts credited to Contractor for Ex-Territory Subscriptions shall remain subject to the revenue split in favor of PPI as provided hereinbelow. Likewise, Contractor agrees that upon request by PPI, Contractor shall install the Network software and provide normal customer support to subscribers located within the Territory but which subscribers are obtained by PPI or a third party (the "Support Only Subscriptions"), in which case revenue from the Support Only Subscriptions shall be credited 50% to Contractor for as long as such customer support is provided by Contractor. Provided, further, however, such amounts credited to Contractor shall remain subject to the revenue split in favor of PPI as provided hereinbelow. Contractor agrees that in the event of any dispute between Contractor and any third party regarding Ex-Territory Subscriptions or Support Only Subscriptions, PPI shall be the sole and final arbiter of any such dispute, whose determination shall be binding on all parties.

a. All Network subscriptions and other Network services shall be marketed and sold by Contractor at a price approved in writing in advance by PPI and upon such other terms as PPI may require in its sole discretion, which prices and terms may not be same for all Network subscribers. PPI shall not reduce the approved prices at which Contractor shall sell subscriptions or other Network services without the Contractor's prior consent, not to be unreasonably withheld. PPI shall provide Contractor with marketing materials, subscriber contracts and other marketing materials as determined by PPI. Contractor's use of the name "Purchase Pro" shall be subject to the prior written approval of PPI, not to be unreasonably withheld. PPI may from time to time promulgate written rules and regulations applicable to Contractor and all other persons in similar relationships to PPI relating to the manner of use of the Network, the marketing of the subscriptions to the Network, its name and trademarks and servicemarks, and its other intellectual property, which Contractor, shall immediately upon receipt, adhere to in its operations hereunder. Provided, however, such rules and regulations shall not unreasonably interfere with Contractor's own marketing strategies.

a. Contractor shall at all times employ competent and qualified personnel as shall be necessary to fulfill the purposes and intent of this Agreement and to allow Contractor to actively market the Network pursuant to this Agreement. Contractor shall require all of its marketing and customer support personnel to complete such training sessions as may be required by PPI. The training sessions shall conducted at PPI's offices in Las Vegas, Nevada, at no cost to Contractor, except that Contractor shall pay all travel expenses for its personnel to attend the training sessions, and shall pay any compensation to its personnel for the time spent in training. In lieu of training at PPI's offices, at Contractor's request, PPI agrees to provide an instructor for training sessions to held at Contractor's offices provided that Contractor pays all travel, food and lodging expenses for the instructor. Contractor agrees to submit its personnel for training updates within not more than sixty (60) days after Network software updates or other enhancements in the Network as PPI may reasonably require.

a. PPI shall administer the Network and provide Network access to the subscribers obtained by Contractor, but Contractor shall pay all of its own operating expenses, including without limitation, office, sales and other personnel, and marketing expenses. Contractor and PPI shall communicate regarding Contractor's suggestions for improvement and development of the Network and the business of PPI, and Contractor shall be entitled to appoint one member to PPI's software development advisory committee.

a. PPI shall collect all revenue (including without limitation subscription fees, web hosting fees, and any transaction fees) from subscriptions and other Network services sold by Contractor. Within ten (10) days of the end of each calendar month, PPI shall remit to Contractor

the following percentage of the revenue collected by PPI from subscribers obtained by Contractor (net of all taxes and costs of collection paid to third parties, such as EFT draft fees), provided this Agreement is still then in effect:

Year 1 - **
--
Year 2 and all years thereafter - **
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Provided, however, Contractor shall not be entitled to any net revenue sharing or distributions for any period this Agreement is in effect during which the amount of net revenue to be retained by PPI as its share of net revenue based on the above formula does not equal or exceed the total subscription revenue received by PPI during such period from subscribers on the Network as of the date of this Agreement (the "Existing Subscribers") which are now hereby considered subscribers obtained by and to be serviced by Contractor hereunder. In such case, PPI shall retain all net revenue from all subscribers obtained by

Contractor up to the amount of revenue for such period from Existing Subscribers and Contractor shall be entitled to the balance of the net revenue received during such period, if any. Provided, further, however, Contractor shall retain, and PPI shall not be entitled to share in, any sums paid by subscribers to Contractor to solely reimburse Contractor for costs incurred in establishing private networks for groups of Network Subscribers, provided the amounts of such payments and the nature thereof are disclosed in writing to PPI by Contractor and provided that such payments are not based on usage of the Network or represent payments for Network services of any kind.

a. Provided, however, to the extent the revenue collected in the first, second or third three month period represents payment in advance for subsequent periods, the percentage payable by PPI to Contractor shall be at the rate applicable to the period during which the subscription revenue shall be earned. For example, Contractors share of the net revenue from a paid in full one year subscription sold in the first three month period would be ** , which
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is equal to the percentage of the revenue that would be due if the subscription was paid monthly over the full year.

a. The rights granted to Contractor hereunder are granted for a term of one (1) year from the date hereof, but such rights and this Agreement shall be automatically renewed for consecutive one (1) year terms, provided that in each year the total net revenue from subscriptions and other Network services obtained by Contractor in each twelve month period this agreement remains in effect exceeds the following amounts:

Year 1:	** --
Year 2:	** --
Year 3:	** --
Year 4:	** --
Year 5:	** --
Year 6:	** --
Year 7:	** --
Year 8:	** --
Year 9:	** --
Year 10 and all years thereafter:	** --

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL

If Contractor fails to sell a sufficient number of subscriptions and other Network Services to generate such revenue, the exclusivity of the marketing rights granted to Contractor hereunder shall automatically terminate at the end of the one (1) year period during which such failure occurred, but this Agreement shall otherwise continue in effect. Provided, further, however, if Contractor fails to sell a sufficient number of subscriptions and other Network services to generate not less than fifty percent (50%) of the revenue minimums set forth above, this Agreement and all of Contractor's rights hereunder may, at the option of the Company at any time thereafter, be terminated due to such failure, and if terminated by PPI solely for this reason, PPI shall pay Contractor a sum equal to five (5) times the revenues payable to Contractor under the terms of this Agreement during the one (1) year period immediately preceding the effective date of termination (subject to set-off of any money due from Contractor to PPI at such time). Contractor's share of net revenue from Ex-Territory Subscriptions and Support Only Subscriptions shall be included in the net revenue attributable to Contractor for purposes of these minimum revenue requirements. To the extent Contractor or any of its affiliates own marketing rights for areas in addition to the Territory, Contractor or such affiliates must identify the particular marketing rights agreement under which each subscription is sold, which designation may not be changed by Contractor.

a. Notwithstanding that this Agreement is renewable under certain circumstances, Contractor agrees and acknowledges that PPI has established prestige and goodwill in connection with the name "Purchase Pro" and the Network. Contractor agrees that it shall at all time conduct its business relating to this Agreement and the Network in an ethical manner and in compliance with all federal, state and local laws, rules and regulations, and that Contractor shall exercise its best efforts throughout its operations under this Agreement to safeguard the prestige and goodwill of PPI. Contractor will not, at any time, do or suffer to be done any act or thing which may, in any way, impair the rights of PPI in and to any of its intellectual property rights or the Network, or which may depreciate the value of any such intellectual property or the Network.

a. For each new one-year subscription to the Network sold by Contractor and paid for by the subscriber while this Agreement is in effect, up to a maximum of five thousand (5000) one-year subscriptions to the Network, PPI shall grant to Contractor an option to purchase twenty (20) shares of the common stock of PPI for the striking price equal to the last asking price for PPI's common stock on such date if such stock is traded on a national market, or if not so traded, the fair market value of PPI's common stock as of the date of the grant as determined by PPI's outside accountants. Upon exercise of the options,

payment for the shares must be made in cash, and the options shall expire five (5) years from the date each option is granted. The options shall be granted at the end of each year this Agreement is in effect after the actual subscriber revenue and fair market value of the stock at year end can be determined. For purposes of measuring the number of subscribers for purpose of the grant of options, a one-year subscription means twelve months of subscription revenue cash receipts by PPI from a subscriber or subscribers. For example, if at the end of the first year Contractor has sold 2000 subscriptions, but due to cancellations, non-payment or other factors PPI has collected the revenue equivalent of only 800 one-year subscriptions, then Contractor shall only be entitled to options to purchase 16,000 shares of PPI. Options shall not be granted with respect to renewal subscription revenues, only new subscribers. For purposes of this Agreement and the number of shares that may be purchased by Contractor pursuant to the options, such number of shares shall be hereafter adjusted for any stock splits, reverse splits, or other similar events. PPI hereby agrees to cause any shares purchased by Contractor pursuant to its options to be registered for resale at the same

time and upon the same terms as shares purchased by employees of PPI pursuant to employee stock options.

a. Contractor shall prepare, and at all times maintain at its principal executive offices, true, correct and complete separate books of account and records reflecting all transactions and operations within the scope of this Agreement, in accordance with generally accepted accounting principles consistently applied. Contractor shall prepare and furnish to PPI a statement of operations, in form and scope satisfactory to PPI and certified as accurate by a senior financial officer of Contractor, for each quarterly period ended the last day of March, June, September and December in each year this Agreement is in effect, which shall be furnished to PPI within thirty (30) days after the end of each such period.

a. Provided there does not exist any default under this Agreement by Contractor, Contractor retains exclusive rights to the Territory, and that this Agreement is still in effect, PPI hereby grants Contractor the right of first refusal to acquire rights similar to those granted herein for all states contiguous to the Territory (exclusive of the state of Illinois), in the event PPI proposes to grant same to a third party. Contractor shall have ten (10) days from written notice from PPI of the terms on which PPI proposes to grant such rights to a third party in which Contractor may exercise its right of first refusal by written notification to PPI, in which case Contractor shall be deemed to have contracted with PPI upon the terms contained in the notice from PPI. This right of first refusal shall automatically terminate at such time as Brad Redmon does not own a majority of the equity interests in, and exercise managerial control over, Contractor. This right of first refusal shall also not apply to any activities of PPI in any of the areas to which the right of first refusal otherwise applies.

a. In the event PPI fails to have the Network operable for a consecutive period of two (2) weeks, PPI shall involve Contractor in the efforts to restore the operability of the Network and Contractor shall have the right to expend its own resources in the effort to restore the Network, but PPI shall not have any liability whatsoever to Contractor for any such sums expended, nor shall PPI have any liability whatsoever for the failure of the Network.

a. PPI and Contractor hereby agree to take whatever further action that may be necessary to implement the terms and conditions of this Agreement.

1. Restrictions on Transfer; Right of First Refusal.

a. The rights granted herein are strictly personal to Contractor. Neither this Agreement nor any of the rights granted to or obligations undertaken by Contractor hereunder may be transferred, assigned, pledged, sold, mortgaged, sublicensed or otherwise hypothecated or disposed of, either directly or indirectly, in whole or in part, by operation of law or otherwise (collectively, "transfer"), to any Person without the express prior written consent of PPI, such consent to not be unreasonably withheld as long as Brad Redmon controls a majority of the voting equity interests in, and has managerial control of, Contractor. Any attempted transfer without such consent shall be null, void, and of no force or effect. As used herein, the term "Contractor" shall include any assignee, licensee or subcontractor of Contractor approved by PPI in writing as hereinabove provided.

a. In addition to the requirement that PPI consent to any transfer of rights of Contractor under this Agreement, Contractor hereby grants PPI the right of first refusal to purchase or otherwise acquire any rights sought to be assigned or transferred by Contractor on

the same terms as may be offered by a third party and accepted by Contractor. Contractor shall notify PPI in writing of the terms of the proposed transfer to a third party, in which case PPI shall have ten (10) business days within which to exercise its right of first refusal by providing Contractor with written notice of same. if such right is exercised, PPI shall acquire the rights from the Contractor upon the same terms and schedule as contained in the third party's offer.

1. Events of Default: Termination.

a. Each of the following shall constitute an event of default under this Agreement:

i. If Contractor shall fail to pay any funds owing to PPI pursuant to this Agreement as and when due, provided that with respect to the first such failure by Contractor PPI shall not be entitled to call a default

under this section until it shall have given Contractor notice thereof and Contractor shall have failed to cure such default within thirty (30) days of such notice;

i. If Contractor shall institute proceedings to be adjudicated a voluntary bankrupt or insolvent, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer seeking reorganization or arrangement under any bankruptcy act or any other similar applicable law of any country, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency for itself, or any of its property, or shall make an assignment for the benefit of creditors, or shall be unable to pay its debts generally as they become due, or shall cease doing business as a going concern, or action shall be taken by it in furtherance of any of the foregoing purposes; or

i. If an order, judgment or decree of a court having jurisdiction shall have been entered adjudicating the Contractor a bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization of Contractor or of all or a substantial part of its properties or assets under any bankruptcy act or other similar applicable law, as from time to time amended, or appointing a receiver, trustee or liquidator of Contractor, and such order, judgment or decree shall remain in force, undischarged and unstayed for a period of thirty (30) days, or a judgement or lien for the payment of money in excess of $250,000 shall be rendered or entered against it and the same shall remain undischarged or unbonded for a period of thirty (30) days or any writ or warrant or attachment shall be issued or levied against a substantial part of its property and the same shall not be released, vacated or bonded within thirty (30) days after issue or levy; or

i. If Contractor shall, without the prior written consent of PPI first had and obtained, sell (regardless of how designated) all or substantially all of its assets, or shall merge or consolidate with or into another corporation or entity, or if there shall be a change in control of Contractor, in each case whether in a single transaction or as the aggregate result of a series of transactions, and whether the transaction or transactions involve an affiliated or unaffiliated person or entity; or

i. If any representation or warranty of Contractor contained herein shall be or become false or misleading in any material respect, or if Contractor shall fail to perform or observe any term, condition, agreement or covenant in this Agreement on its part to be performed or observed, and such default is not remedied within thirty (30) days after written notice thereof from PPI.

a. If any event of default shall occur and be continuing, PPI may, by written notice to Contractor, immediately terminate this Agreement, in which case PPI shall have no further obligations to Contractor and Contractor shall have no further rights under this Agreement. In addition, all rights of

Contractor hereunder shall terminate and revert automatically to PPI, and neither Contractor nor any of its receivers, representatives, trustees, agents, successors or assigns (by operation of law or otherwise) shall have any rights hereunder. Upon termination, Contractor shall deliver to PPI all information and documents of any kind whatsoever relating to Contractor's performance of this Agreement, the Network, and all subscribers, and shall thereafter cease and desist from using the Network, the name "Purchase Pro" or any of PPI's intellectual or other property in any manner.

a. Notwithstanding any termination or expiration of this Agreement (whether by reason of the expiration of the stated term of this Agreement, by earlier termination of this Agreement or otherwise), PPI shall have, and hereby reserves, all the rights and remedies which it may have, at law or in equity, with respect to the collection of funds payable by Contractor pursuant to this Agreement, the enforcement of all rights relating to the establishment, maintenance and protection of PPI's property, and damages for breach of Agreement on the part of Contractor. PPI may recover its costs and expenses, including reasonable attorneys' fees, incurred in enforcing this Agreement against Contractor.

a. Contractor acknowledges that PPI will suffer great and irreparable harm as a result of the breach by Contractor of any covenant or agreement to be performed or observed by Contractor under this Agreement other than the covenants to make monetary payments, and, whether such breach occurs before or after the termination of this Agreement, Contractor acknowledges that PPI shall be entitled to apply for and receive from any court of competent jurisdiction a temporary restraining order, preliminary injunction and permanent injunction, without any necessity of proving damages or any requirement for the posting of a bond or other security, enjoining Contractor from further breach of this Agreement or further infringement or impairment of PPI's rights. Such relief shall be in addition to and not to substitution of any other remedies available to PPI pursuant to this Agreement or otherwise.

1. Confidentiality.
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a. Each party acknowledges that all information of a business or technical nature imparted to the other party during the course of this Agreement with respect to the business of the disclosing party, and certain affiliates, were acquired, designed and/or developed by them at great expense, are secret, confidential and unique, and constitute the trade secrets and exclusive property of the disclosing party and its affiliates, and that any use by the other party of any such trade secrets and property other than for the sole purpose of implementing the terms of this Agreement would be wrongful and would cause irreparable injury to the disclosing party and its affiliates.

a. Neither party will at any time disclose or divulge to any person, firm or corporation or use or suffer the use by any third party, for any purpose other than solely as required for the implementation of this Agreement, directly or indirectly, for its own use or the benefit of any person, firm or corporation, any property, any trade secrets or confidential information of the

other party or any of its affiliates, obtained from or through them, or any confidential information belonging to any subscribers to the Network.

a. Contractor agrees that it shall cause each of its employees, agents and subcontractors to execute a confidentiality and non-disclosure agreement in form and substance satisfactory to PPI at all times this Agreement is in effect.

1. Indemnity: Insurance.
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a. Contractor does hereby indemnify and agrees to save and hold PPI and its officers, directors, agents, representatives and controlling persons (collectively, for purposes of this section, "PPI"), individually, harmless of and from any and all liability, claims, causes of action, suits, damages and expenses (including reasonable attorneys' fees and expenses) which any such entity or Person may become liable for, or may incur, or be compelled to pay, by reason of any acts, whether of omission or commission, by Contractor and any of its employees or agents, that may arise under or in connection with this Agreement, in connection with the performance thereof on behalf of Contractor or otherwise in connection with Contractor's business or by virtue of any misrepresentation or breach of warranty or failure to perform or observe any covenant on its part to be performed or observed hereunder.

a. PPI does hereby indemnify and agrees to save and hold Contractor and its officers, directors, agents, representatives and controlling persons (collectively, for purposes of this section, "Contractor"), individually, harmless of and from any and all liability, claims, causes of action, suits, damages and expenses (including reasonable attorneys' fees and expenses) which any such entity or Person may become liable for, or may incur, or be compelled to pay, by reason of any acts, whether of omission or commission, by PPI and any of its employees or agents, that may arise under or in connection with this Agreement, in connection with the performance thereof on behalf of PPI or otherwise in connection with PPI's business or by virtue of any misrepresentation or breach of warranty or failure to perform or observe any covenant on its part to be performed or observed hereunder.

a. An indemnified party shall immediately give notice to the indemnifying party of any claim, action or suit that may give rise to liability under this section, provided that the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations hereunder. The indemnifying party hall have the option to defend any such claim action or suit, including, but not limited to, the right to select counsel control the defense, assert counterclaims and crossclaims, bond any lien or judgment, take any appeal and to settle on such terms as it, in its discretion, reasonably deems advisable, provided prior notice of any settlement is given to the indemnified party and such party provides its express prior consent thereto. No settlement of any claim may be effected without the prior written consent of

the indemnifying party.

a. Contractor shall maintain at its own expense in full force and effect at all times during which this Agreement is in effect, with a recognized and responsible insurance carrier licensed to do business in the state of Contractor's domicile, and acceptable to PPI, a liability insurance policy with limits of liability of at least $1,000,000 per Person and per accident or occurrence. Such insurance shall be for the benefit of and shall name as co-insured PPI and its respective officers, directors, agents, representatives and controlling persons, and shall provide for at least thirty (30) days' prior written notice by the carrier thereof (each an "Insurance Notice") to PPI and Contractor of the cancellation or modification thereof. Contractor shall, as promptly as practicable, but in any event within thirty (30) days after the signing of this Agreement, and from time to time thereafter upon PPI's written request, deliver to PPI (i) a true, correct and complete copy of its liability insurance policy (including all endorsements), as then in effect, and (ii) a

certificate of such insurance from the insurance carrier which sets forth the scope of coverage and the limits of liability. Contractor's maintenance of the insurance coverage as provided herein shall not limit, excuse or replace any of Contractor's obligations under the provisions hereof, which shall remain absolute.

a. The provisions of this section shall survive any termination or expiration of this Agreement.

1. Representations and Warranties. Contractor hereby represents and warrants to PPI as follows:

a. Contractor is a limited liability company, duly organized, validly existing and in good standing under the laws of Kentucky, and is duly qualified and authorized to do business and in good standing in all jurisdictions in which the nature of its business requires such qualifications.

a. Neither the execution, delivery nor performance of this Agreement by Contractor will, with or without the giving of notice or passage of time, or both, conflict with, or result in a default or loss of rights under, any provision of any other agreement or understanding to which Contractor is a party or by which it or any of its properties may be bound.

a. Contractor has full power and authority to enter into this Agreement and to carry out the transactions contemplated thereby in accordance with its terms; the execution, delivery, and performance of this Agreement by Contractor have been duly and properly authorized by all necessary actions; and this Agreement constitutes the valid and binding obligation of Contractor enforceable in accordance with its terms.

1. Notices. All reports, communications, requests, demands or notices required by or permitted under this Agreement shall be in writing and shall be deemed to be duly given on the date same is sent and acknowledged via hand delivery, facsimile or reputable overnight delivery service (with a copy simultaneously sent by registered mail), or, if mailed, five (5) days after mailing by certified or registered mail, return receipt requested, to the party concerned at the address on page 1 hereof. Any party may change the address to which such notices and communications shall be sent by written notice to the other parties, provided that any notice of change of address shall be effective only upon receipt.

1. Integration. This Agreement sets forth the entire agreement and understanding between the parties relating in any way to the Network, or to the subject matter hereof and supersedes and merges all prior discussions, arrangements and agreements between them.

1. Amendments. This Agreement may not be amended or modified except by written instrument signed by each of the parties hereto.

1. Relationship of Parties. Nothing herein contained shall be construed to constitute the parties hereto as partners or as joint venturers, or as franchisor/franchisee, or either as agent of the other. Neither party hereto by virtue hereof shall have the right or authority to act for or to bind the other in any way or to sign the name of the other or to represent that the other is in any way responsible for the acts or omissions of the other.

1. Mandatory Arbitration and Locale. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in Lexington, Kentucky, before one (1) arbitrator administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in (any court having jurisdiction thereof). Provided, however, either party shall be entitled to seek injunctive relief to the extent entitled thereto. To the extent such injunctive relief is sought, PPI and Contractor hereby (i) agree that the State and Federal courts sitting in the State of Nevada, Clark County, City of Las Vegas, shall have exclusive jurisdiction in any such injunctive action connected in any way with this Agreement; (ii) each consent to personal jurisdiction of and venue in such courts in any such matter; and (iii) further agree that the service of process or of any other papers with respect to such proceedings upon them by mail shall be deemed to have been duly given to and received by them five (5) days after the date of certified mailing and shall constitute good, proper and effective service.

1. Severability. In the event that any one or more provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1. Waiver. No failure or delay on the part of either party in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No waiver by either party of any provision of this Agreement, or of any breach or default, shall be effective unless in writing and signed by the party against whom such waiver is to be enforced. All rights and remedies provided for herein shall be cumulative and in addition to any other rights or remedies such parties may have at law or in equity.

1. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed an original.

1. Governing Law. This Agreement and the rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the substantive law of the state of Nevada.

1. Benefit and Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of PPI and Contractor and their respective successors and assigns.

PURCHASE PRO INTERNATIONAL, INC.

By: /S/ CHRIS CARTON

Title: Pres./Sec'y

E-MARKETPRO, LLC

/S/ BRAD REDMON

EXHIBIT 10.11

May 19, 1999

Charles E. Johnson, Jr.
Purchase Pro International, Inc.
3291 North Buffalo Drive
Las Vegas, NV 89129

Dear Mr. Johnson:

This letter agreement (the "Agreement") sets forth the terms and conditions of your employment with Purchase Pro International, Inc. (the "Company").

In consideration of the mutual covenants and promises made in this Agreement, you and the Company agree as follows:

1. Employment. Commencing as of May 19, 1999 (the "Effective Date"), you will continue to serve as the Company's Chief Executive Officer. You will be given such duties, responsibilities and authority as are appropriate to such position. Throughout the term of your employment, you will devote such business time and energies to the business and affairs of the Company as needed to carry out your duties and responsibilities, subject to the overall supervision and direction of the Board of Directors (the "Board") of the Company.

2. Term. The term of this Agreement will commence on the Effective Date and shall continue for two (2) years thereafter. During the term of this Agreement, your employment with the Company will be "at-will." Either you or the Company can terminate your employment at any time and for any reason, with or without cause and with or without notice, in each case subject to the terms and provisions of paragraph 7 below.

3. Salary. For your services to the Company, you will be paid a base salary, payable in accordance with the Company's usual payroll practices during your employment, at an annualized rate of $240,000 per year.

4. Bonus. During the term of this Agreement, you will be eligible for a bonus in an amount to be determined by the Board in its sole discretion.

5. Employee Benefit Programs. During your employment, you will be entitled to participate in all Company employee benefit plans and compensation and perquisite programs made available to the Company's executives or salaried

employees generally. The company shall make a car available to you during the term of your employment. The Company will pay the cost of $1,500,000 in whole life insurance coverage for you. You will be entitled to eight weeks of vacation per year, provided that you will not accrue unused vacation of more than eight weeks.

6. Stock Options. You have previously been granted stock options covering 325,000 shares which vest in three installments, with 1/3 vesting 6 months from the date of

grant and 1/3 vesting at the end of each six-month period thereafter, for full vesting after 18 months.

7. Consequences of Termination of Employment.

(a) For Cause. If the Company terminates your employment for Cause you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination, and you will be entitled to no other compensation from the Company. "Cause" will exist in the event you: (i) willfully breach this Agreement, which breach is not cured within 10 days following written notice from the Company; (ii) engage in conduct constituting willful dishonesty toward, fraud upon, or deliberate or attempted injury to the Company; or (iii) are negligent in the performance of your duties, which negligence is not cured within 10 days following written notice from the Company

(b) Other than for Cause. If the Company terminates your employment for reasons other than Cause, you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination plus three (3) times the sum of (i) your base salary in effect at the date of your termination of employment, which shall not be less than the amount established pursuant to this Agreement, and (ii) the greater of (a) the last bonus you received prior to your termination from employment, or (b) fifty percent (50%) of your base salary. You will not be entitled to any other compensation from the Company.

A Constructive Termination shall be treated as a termination for reasons other than for Cause. "Constructive Termination" will exist in the event you terminate your employment with the Company after the Company: (i) materially breaches this Agreement, which breach is not cured within 10 days following written notice from you; (ii) changes your title, working conditions or duties

such that your powers are diminished, reduced or otherwise changed to include powers, duties, or working conditions which are not generally consistent with your title, continuing after written notice and 10 days to cure; or (iii) involuntarily relocates your primary place of employment outside of the Las Vegas metropolitan area.

(c) Voluntary Termination. If you terminate your employment with the Company of your own volition other than in a Constructive Termination, such termination will have the same consequences as a termination for Cause under subparagraph (a) above. A resignation requested by the Board of Directors shall in no way be deemed a voluntary termination.

(d) Death or Disability. If your employment with the Company terminates as a result of your death or total and permanent disability, such termination will have the same consequences as a termination by the Company other than for Cause under subparagraph (b) above.

(e) Release of Claims. As a condition to the receipt of the payments described in

this paragraph 7, you shall be required to execute a release of all claims arising out of your employment or the termination thereof including, but not limited to, any claim of discrimination under state or federal law, but excluding claims for indemnification from the Company under any indemnification agreement with the Company, its certificate of incorporation and by-laws or applicable law or claims for directors and officers' insurance coverage.

(f) Conditions to Receipt of Payments and Benefits. In view of your position and access to proprietary information, as a condition to the receipt of payments described in this paragraph 7, you shall not, without the Company's written consent, directly or indirectly, alone or as a partner, joint venturer, officer, director, employee, consultant, agent or stockholder (other than a less than 5% stockholder of a publicly traded company), within one year of your date of termination from the Company (i) engage in any activity which is in competition with the business, the products or services of the Company, (ii) solicit any of the Company's employees, consultants or customers, (iii) hire any of the Company's employees or consultants in an unlawful manner or actively encourage employees or consultants to leave the Company, or (iv) otherwise breach your proprietary information obligations. You agree to execute and comply with the form of proprietary information agreement adopted by the Company.

8. Assignability; Binding Nature. Commencing on the Effective Date, this Agreement will be binding upon you and the Company and your respective successors, heirs, and assigns. This Agreement may not be assigned by you except that your rights to compensation and benefits hereunder, subject to the limitations of this Agreement, may be transferred by will or operation of law. No rights or obligations of the Company under this Agreement may be assigned or transferred except by operation of law in the event of a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and assumes the Company's obligations under this Agreement contractually or as a matter of law.

9. Governing Law. This Agreement will be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of Nevada (without regard to its choice of law provisions).

10. Arbitration. The parties agree that any disputes arising out of or related to the Agreement shall be resolved by using the following procedures:

(a) The party claiming to be aggrieved shall furnish to the other party a written statement of the grievance and the relief requested or proposed.

(b) If the other party does not agree to furnish the relief requested or proposed, or otherwise does not satisfy the demand of the party claiming to be aggrieved, the parties shall submit the dispute to nonbinding mediation before a mediator to be jointly selected by the parties.

(c) If the mediation does not produce a resolution of the dispute, the parties agree that the dispute shall be resolved by final and binding arbitration in Las Vegas, Nevada. The parties shall attempt to agree to the identity of an arbitrator, and, if they are unable to do so, they will obtain a list of arbitrators from the Judicial Arbitration and Mediation Service and select an arbitrator by striking names from that list. The arbitrator shall have the authority to determine whether the conduct complained of violates the rights of the complaining party and, if so, to grant any relief authorized by law. The arbitrator shall not have the authority to modify, change or refuse to enforce the terms of this Agreement.

(d) Arbitration shall be the exclusive final remedy for any dispute between the parties, and the parties agree that no dispute shall be submitted to arbitration where the party claiming to be aggrieved has not complied with the

preliminary steps provided for above, provided however, that this Section 10 shall not be construed to eliminate or reduce any right the Company or the Executive may otherwise have to seek and obtain from a court a temporary restraining order or a preliminary or permanent injunction to enforce the restrictions of subparagraph 5(f) of this Agreement. The parties agree that the arbitration award shall be enforceable in Clark County Superior Court so long as the arbitrator's findings of fact are supported by substantial evidence on the whole and the arbitrator has not made errors of law.

11. Withholding. Anything to the contrary notwithstanding, following the Effective Date all payments made by the Company hereunder to you or your estate or beneficiaries will be subject to tax withholding pursuant to any applicable laws or regulations. In lieu of withholding, the Company may, in its sole discretion, accept other provision for payment of taxes as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold such taxes have been satisfied.

12. Entire Agreement. This Agreement contains all the legally binding understandings and agreements between you and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

13. Miscellaneous. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to by you and the Board in writing. No waiver by you or the Company of the breach of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. In the event any portion of this Agreement is determined to be invalid or unenforceable for any reason, the remaining portions shall be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

Please indicate your acceptance and understanding of the terms of this Agreement by signing and dating below.

Sincerely,

PURCHASE PRO INTERNATIONAL, INC.

By /s/ CHRISTOPHER P. CARTON

Its President/COO/Sect'y

By /s/ JOHN G. CHILES

Its Director, Chairman, Compensation Committee

ACKNOWLEDGED AND AGREED:

/s/ CHARLES E. JOHNSON, JR.
_____
(Executive)

Dated: May 19, 1999

EXHIBIT 10.12

May 19, 1999

Christopher P. Carton
PurchasePro.com, Inc.
3291 North Buffalo Drive
Las Vegas, NV 89129

Dear Mr. Carton:

This letter agreement (the "Agreement") sets forth the terms and conditions of your employment with PurchasePro.com, Inc. (the "Company").

In consideration of the mutual covenants and promises made in this Agreement, you and the Company agree as follows:

1. Employment. Commencing as of May 19, 1999 (the "Effective Date"), you will serve as the Company's President and Chief Operating Officer. You will be given such duties, responsibilities and authority as are appropriate to such position. Throughout the term of your employment, you will devote such business time and energies to the business and affairs of the Company as needed to carry out your duties and responsibilities, subject to the overall supervision and direction of the Chairman and Chief Executive Officer ("CEO") of the Company.

2. Term. The term of this Agreement will commence on the Effective Date and shall continue for two (2) years thereafter. During the term of this Agreement, your employment with the Company will be "at-will." Either you or the Company can terminate your employment at any time and for any reason, with or without cause and with or without notice, in each case subject to the terms and provisions of paragraph 7 below.

3. Salary. For your services to the Company, you will be paid a base salary, payable in accordance with the Company's usual payroll practices during your employment, at an annualized rate of $200,000 per year.

4. Bonus. During the term of this Agreement, you will be eligible for a bonus in an amount to be determined by the CEO in his sole discretion.

5. Employee Benefit Programs. During your employment, you will be

entitled to participate in all Company employee benefit plans and compensation and perquisite programs made available to the Company's executives or salaried employees generally. The company shall make a car available to you during the term of your employment. The Company will pay the cost of $1,000,000 in whole life insurance coverage for you. You will be entitled to eight weeks of vacation per year, provided that you will not accrue unused vacation of more than eight weeks.

6. Stock Options. You have previously been granted stock options covering

200,000 shares which vest in three installments, with 1/3 vesting 6 months from the date of grant and 1/3 vesting at the end of each six-month period thereafter, for full vesting after 18 months.

7. Consequences of Termination of Employment.

(a) For Cause. If the Company terminates your employment for Cause you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination, and you will be entitled to no other compensation from the Company. "Cause" will exist in the event you: (i) willfully breach this Agreement, which breach is not cured within 10 days following written notice from the Company; (ii) engage in conduct constituting willful dishonesty toward, fraud upon, or deliberate or attempted injury to the Company; or (iii) are negligent in the performance of your duties, which negligence is not cured within 10 days following written notice from the Company

(b) Other than for Cause. If the Company terminates your employment for reasons other than Cause, including in a Constructive Termination, you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination plus two (2) times the sum of (i) your base salary in effect at the date of your termination of employment, which shall not be less than the amount established pursuant to this Agreement, and (ii) the greater of (a) the last bonus you received prior to your termination from employment, or (b) fifty percent (50%) of your base salary. You will not be entitled to any other compensation from the Company.

"Constructive Termination" will exist in the event you terminate your employment with the Company after the Company: (i) materially breaches this

Agreement, which breach is not cured within 10 days following written notice from you; (ii) changes your title, working conditions or duties such that your powers are diminished, reduced or otherwise changed to include powers, duties, or working conditions which are not generally consistent with your title, continuing after written notice and 10 days to cure; or (iii) involuntarily relocates your primary place of employment outside of the Las Vegas metropolitan area.

(c) Voluntary Termination. If you terminate your employment with the Company of your own volition other than in a Constructive Termination, such termination will have the same consequences as a termination for Cause under subparagraph (a) above. A resignation requested by the Board of Directors shall in no way be deemed a voluntary termination.

(d) Death or Disability. If your employment with the Company terminates as a result of your death or total and permanent disability, such termination will have the same consequences as a termination by the Company other than for Cause under subparagraph (b) above.

(e) Release of Claims. As a condition to the receipt of the payments described in this paragraph 7, you shall be required to execute a release of all claims arising out of your employment or the termination thereof including, but not limited to, any claim of discrimination under state or federal law, but excluding claims for indemnification from the Company under any indemnification agreement with the Company, its certificate of incorporation and by-laws or applicable law or claims for directors and officers' insurance coverage.

(f) Conditions to Receipt of Payments and Benefits. In view of your position and access to proprietary information, as a condition to the receipt of payments described in this paragraph 7, you shall not, without the Company's written consent, directly or indirectly, alone or as a partner, joint venture, officer, director, employee, consultant, agent or stockholder (other than a less than 5% stockholder of a publicly traded company), within one year of your date of termination from the Company (i) engage in any activity which is in competition with the business, the products or services of the Company, (ii) solicit any of the Company's employees, consultants or customers, (iii) hire any of the Company's employees or consultants in an unlawful manner or actively encourage employees or consultants to leave the Company, or (iv) otherwise breach your proprietary information obligations. You agree to execute and comply with the form of proprietary information agreement adopted by the Company.

8. Assignability; Binding Nature. Commencing on the Effective Date, this Agreement will be binding upon you and the Company and your respective successors, heirs, and assigns. This Agreement may not be assigned by you except that your rights to compensation and benefits hereunder, subject to the limitations of this Agreement, may be transferred by will or operation of law. No rights or obligations of the Company under this Agreement may be assigned or transferred except by operation of law in the event of a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and assumes the Company's obligations under this Agreement contractually or as a matter of law.

9. Governing Law. This Agreement will be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of Nevada (without regard to its choice of law provisions).

10. Arbitration. The parties agree that any disputes arising out of or related to the Agreement shall be resolved by using the following procedures:

(a) The party claiming to be aggrieved shall furnish to the other party a written statement of the grievance and the relief requested or proposed.

(b) If the other party does not agree to furnish the relief requested or proposed, or otherwise does not satisfy the demand of the party claiming to be aggrieved, the parties shall submit the dispute to nonbinding mediation before a mediator to be jointly selected by the parties.

(c) If the mediation does not produce a resolution of the dispute, the parties agree that the dispute shall be resolved by final and binding arbitration in Las Vegas, Nevada. The parties shall attempt to agree to the identity of an arbitrator, and, if they are unable to do so, they will obtain a list of arbitrators from the Judicial Arbitration and Mediation Service and select an arbitrator by striking names from that list. The arbitrator shall have the authority to determine whether the conduct complained of violates the rights of the complaining party and, if so, to grant any relief authorized by law. The arbitrator shall not have the authority to modify, change or refuse to enforce the terms of this Agreement.

(d) Arbitration shall be the exclusive final remedy for any dispute between the parties, and the parties agree that no dispute shall be submitted to arbitration where the party claiming to be aggrieved has not complied with the

preliminary steps provided for above, provided however, that this Section 10 shall not be construed to eliminate or reduce any right the Company or the Executive may otherwise have to seek and obtain from a court a temporary restraining order or a preliminary or permanent injunction to enforce the restrictions of subparagraph 5(f) of this Agreement. The parties agree that the arbitration award shall be enforceable in Clark County Superior Court so long as the arbitrator's findings of fact are supported by substantial evidence on the whole and the arbitrator has not made errors of law.

11. Withholding. Anything to the contrary notwithstanding, following the Effective Date all payments made by the Company hereunder to you or your estate or beneficiaries will be subject to tax withholding pursuant to any applicable laws or regulations. In lieu of withholding, the Company may, in its sole discretion, accept other provision for payment of taxes as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold such taxes have been satisfied.

12. Entire Agreement. This Agreement contains all the legally binding understandings and agreements between you and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

13. Miscellaneous. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to by you and the Board in writing. No waiver by you or the Company of the breach of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. In the event any portion of this Agreement is determined to be invalid or unenforceable for any reason, the remaining portions shall be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

Please indicate your acceptance and understanding of the terms of this Agreement by signing and dating below.

Sincerely,

PURCHASEPRO.COM, INC.

By /s/ CHARLES E. JONSON, JR.

Its CEO

ACKNOWLEDGED AND AGREED:

/s/ CHRISTOPHER P. CARTON

(Executive)

Dated: May 19, 1999

EXHIBIT 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of this tenth day of March, 1999, by and between PURCHASE PRO, INC., a Nevada corporation ("Corporation"), and JEFF NEPPL ("Executive").

WHEREAS, the Corporation and the Executive desire that the term of this Agreement begin on April 1, 1999 ("Effective Date"); and

WHEREAS, the Corporation desires to employ the Executive as its Executive Vice President of Sales and Executive is willing to accept such employment by the Corporation on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth herein, Corporation and Executive (the "Parties") do hereby agree as follows:

1. DEFINITIONS

1.1 Definitions. For the purposes of this Agreement the following terms shall have the following meanings:

1.1.1 "Change in Control" shall mean the occurrence of a merger, consolidation, or share exchange entered into by the Corporation in which the Corporation is not the surviving entity (other than a merger the sole purpose of which is to amend the state in which the Corporation is incorporated) or sale of all or substantially all of the assets of the Corporation (each event a "Change in Control").

1.1.2 "Termination For Cause" shall mean termination by the Corporation of the Executive's employment by reason of (i) the Executive's willful dishonesty towards, fraud upon, or deliberate or attempted injury to the Corporation, (ii) the Executive's willful material breach of this Agreement, continuing after written notice and ten (10) days to cure, or (iii) Executive's continued and material neglect of duties to the Corporation, continuing after written notice and thirty (30) days to cure.

1.1.3 "Termination Other Than For Cause" shall mean:

(a) termination by the Corporation of the Executive's employment by the Corporation other than in a Termination for Cause or a termination arising from the Employee's death or disability; or

(b) constructive termination of the Executive's employment by reason of: (I) material breach of this Agreement by the Corporation continuing after written notice and ten (10) days to cure, (II) changes by the Corporation in the Executive's title, working conditions or duties such that the Executive's powers are diminished, reduced or otherwise changed to include powers, duties or working conditions which are not generally consistent with the title of Executive Vice President of Sales continuing after written notice and ten (10) days to cure, or (III) changes by the Corporation in the Executive's reporting relationship such that the

Executive reports to an officer or employee other than the Corporation's president or chief executive officer, continuing after written notice and ten (10) days to cure; provided that in each case such constructive termination shall be effective upon the expiration of the ten (10) day period commencing with the notice from the Executive to the Corporation of such constructive termination.

1.1.4 "Voluntary Termination" shall mean termination by the Executive of the Executive's employment by the Corporation other than in a (i) constructive termination as described in Section 1.1.3(b) or (ii) termination by reason of the Executive's death or disability.

2. DUTIES

During the term of this Agreement (the "Term"), the Executive agrees to be employed by and to serve the Corporation as its Executive Vice President of Sales, and the Corporation agrees to employ and retain the Executive in such a capacity. In such capacity, the Executive shall render such managerial, administrative and other services as are customarily associated with or incident to such position and shall perform such other duties and responsibilities for the Corporation as the Corporation may reasonably require, consistent with such position. The Executive shall devote all of his business time, energy, and skill to the affairs of the Corporation. The Executive shall report to the Corporation's president or chief executive officer.

3. TERM AND TERMINATION

3.1 Initial Term. The Term shall be for a period of three (3) years beginning with the Effective Date, unless terminated earlier pursuant to this Agreement. At any time prior to the expiration hereof, the Corporation and the Executive may by mutual written agreement extend the Executive's employment under the terms of this Agreement for such additional periods as they may agree. Executive may terminate his employment hereunder and this Agreement at any time

upon sixty (60) days' written notice to the Corporation. It is understood that the Executive shall devote all of his business time, energy, and skill to the affairs of the Corporation during such notice period.

3.2 Termination For Cause. Termination For Cause may be effected by the Corporation by written notice to the Executive. Upon Termination For Cause, the Executive shall promptly be paid all accrued salary, bonus compensation to the extent earned, commissions, vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under such plans, and any appropriate business expenses incurred by the Executive in connection with his duties hereunder, all to the date of termination, but the Executive shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation. Resignation without sixty (60) days' notice shall be treated as Termination for Cause. It is understood that the Executive shall devote a substantial portion of his business time, energy, and skill to the affairs of the Corporation during such notice period.

3.3 Termination Other Than For Cause. Termination Other Than For Cause may be effected by the Corporation by written notice to the Executive. Upon Termination Other Than For Cause, the Executive shall promptly be paid all accrued salary, bonus compensation to the

extent earned, commissions, vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under such plans, and any appropriate business expenses incurred by the Executive in connection with his duties hereunder, all to the date of termination. In addition, the Executive shall be paid severance pay equal to the sum of: (i) one (1) times the Executive's total compensation from the Company during the twelve (12) months preceding the termination (or, if Executive has worked for the Corporation for less than twelve (12) months, the annualized amount of the total compensation paid to Executive during his employment with the Corporation), and (ii) one times the Executive's base annual salary in effect at the time of such termination. Such severance pay shall be paid over the twelve (12) months following the Executive's termination of employment, less required withholding, in accordance with the Corporation's usual payroll practices. The Executive shall not be paid any other compensation or reimbursement of any kind. No severance payments shall be made unless and until Executive executes a release of past, present and future claims against the Corporation, its officers, directors, employees and agents in a form acceptable to the Corporation.

3.4 Termination by Reason of Disability. If the Executive, in the reasonable judgment of the Corporation's board of directors, has failed to perform his duties under this Agreement on account of illness or physical or

mental incapacity, and such illness or incapacity continues, or is reasonably certain to continue, for a period of more than ninety (90) consecutive days (a "Disability"), the Corporation shall have the right to terminate the Executive's employment hereunder by written notice to the Executive and payment to the Executive of all accrued salary, bonus compensation to the extent earned, commissions and vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by the Executive in connection with his duties hereunder, all to the date of termination, with the exception of medical and dental benefits, which shall continue in accordance with the requirements of COBRA or other comparable laws governing health care continuation coverage, but the Executive shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation.

3.5 Death. In the event of the Executive's death, the Executive's employment shall be deemed to have terminated as of the last day of the calendar month during which his death occurs, and the Corporation shall promptly pay to his estate all accrued salary, bonus compensation to the extent earned, commissions and vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by the Executive in connection with his duties hereunder, all to the date of termination, but the Executive's estate shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation.

3.6 Voluntary Termination. In the event of a Voluntary Termination, the Corporation shall promptly pay to the Executive all accrued salary, bonus compensation to the extent earned, commissions and vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by the Executive in

connection with his duties hereunder, all to the date of termination, but no other compensation or reimbursement of any kind, including without limitation, severance compensation.

3.7 Termination Other Than For Cause Following a Change in Control. In the event of a Termination Other Than For Cause that occurs within two (2) years following a Change in Control, the Executive shall immediately be paid all accrued salary, bonus compensation to the extent earned, commissions and vested stock options, any benefits under any plans of the Corporation in which the Executive is a participant to the full extent of the Executive's rights under

such plans (including accelerated vesting of awards granted to the Executive under the Corporation's Stock Option Plan), accrued vacation pay and any appropriate business expenses incurred by the Executive in connection with his duties hereunder, all to the date of termination. In addition, the Executive shall receive within ninety (90) days after termination a lump sum payment equal to equal to the sum of: (i) one (1) times the Executive's total compensation (which for all purposes hereunder shall include salary and commission) from the Company over the twelve (12) months preceding the termination (or, if Executive has worked for the Corporation for less than twelve (12) months, the annualized amount of the total compensation paid to Executive during his employment with the Corporation), and (ii) one times the Executive's base annual salary in effect at the time of such termination. In addition, the Executive shall continue to enjoy benefits under any plans of the Corporation in which the Executive was a participant to the full extent of the Executive's rights under such plans during his employment, including any perquisites provided under this Agreement, for one (1) year after termination; provided, however, that the benefits under any such plans of the Corporation in which the Executive is a participant, including any such perquisites, shall cease upon re-employment by a new employer; provided further, that no benefits shall be provided to the extent such benefits cannot be obtained under the applicable insurance policy or benefit program covering active employees. Finally, the Executive's stock option granted pursuant to Section 4.3.2 and 4.3.4 shall vest in full. The Executive shall not be paid any other compensation or reimbursement of any kind. Severance shall not be paid, benefits shall not continue, and stock options shall not vest as provided in this Section 3.7 unless and until Executive executes a release of past, present and future claims against the Corporation, its officers, directors, employees and agents in a form acceptable to the Corporation.

3.8 Notice of Termination. The Corporation may effect a termination of Executive's employment pursuant to the applicable provisions of this Section 3 upon giving sixty (60) days' written notice to the Executive of such termination. The Executive may effect a termination of his employment under this Agreement pursuant to the applicable provisions of this Section 3 upon giving sixty (60) days' written notice to the Corporation of such termination.

4. TOTAL COMPENSATION

4.1 Base Salary. As payment for the services to be rendered by the Executive, the Corporation shall pay to the Executive a "Base Salary" beginning on the Effective Date at the rate of $135,000.00 per annum, payable in accordance with the Corporation's standard payroll practices. Base Salary shall increase to $175,000 per annum 90 days after the effective start date. The Base Salary shall be reviewed annually by the Compensation Committee of the Corporation's board of directors which, beginning on the effective date in the year 2000, may increase (but not decrease) the Base Salary at their sole discretion.

4.2 Additional Benefits. During the term of this Agreement, the Executive shall be entitled to the following fringe benefits:

4.2.1 Executive Benefits. The Executive shall be eligible to participate in such of the Corporation's benefits and deferred compensation plans as are now generally available or later made generally available to executive officers of the Corporation, including, without limitation, the Corporation's Stock Option Plan, profit sharing plans, annual physical examinations, dental and medical plans, personal catastrophe and disability insurance, financial planning, retirement plans and supplementary executive retirement plans, if any. For purposes of establishing the length of service under any benefit plans or programs of the Corporation, the Executive's employment with the Corporation will be deemed to have commenced on the Effective Date.

4.2.2 Vacation. The Executive shall be entitled to four (4) weeks of paid vacation during each year during the Term to be taken at the convenience of the corporation.

4.2.3 Automobile Allowance. For the Term, the Corporation shall provide the Executive with an automobile allowance of $750.00 per month.

4.2.4 Reimbursement for Expenses. The Corporation shall reimburse the Executive for reasonable and properly documented out-of-pocket business expenses incurred by the Executive in connection with his duties under this Agreement.

4.3 Stock Options. The Corporation shall provide the Executive with the following options (collectively, "Stock Options") to acquire shares of the Corporation's Class A Common Stock ("Shares"):

4.3.1 On the Effective Date, Stock Options to purchase 25,000 Shares at a price of $3.50 per Share, exercisable (as subject to SEC rules and restrictions imposed upon the officers and major shareholders of the Corporation) at any time during the ten (10) year period commencing on the Effective Date. All 25,000 Shares will vest upon start date; and

4.3.2 On the Effective Date, Stock Options to purchase 75,870 Shares at a price of $3.50 per Share, exercisable (as subject to SEC rules and restrictions imposed upon the officers and major shareholders of the Corporation) at any time during the ten (10) year period commencing on vesting of such Stock Options, as follows: (i) Stock Options on 37,935 Shares shall vest one (1) year after the Effective Date, and (ii) Stock Options on 37,935 shall vest two (2) years after the Effective Date. No vesting shall occur under this Section 4.3.2 on or after the termination of Executive's employment; provided that the Stock Options granted pursuant to this Section 4.3.2 shall vest in full

in the event of a Termination Other Than For Cause that occurs within two (2) years following a Change in Control, as provided in Section 3.7, or upon a termination of Employee's employment with the Corporation due to Employee's death or Disability; and

4.3.3 On the Effective Date, Stock Options to purchase 65,000 Shares at a price of $3.50 per Share, which shall vest at the end of each of the Corporation's fiscal years (excluding fiscal year 2001 and subsequent fiscal years) as to a number of Shares equal to (i) thirty (30), multiplied by (ii) an amount (not less than zero) equal to Gross Revenue from contracted subscription sales attributed to the Executive as defined in Exhibit A, divided by $870.00.

4.3.4 On the Effective Date, Stock Options to purchase 65,000 shares at a price of $3.50 per share, under the following schedule and exercisable during such periods of time and satisfaction of such achievements by the Executive and Corporation's chief executive officer and chief operating officer may reasonably and mutually determine: 19,500 shares on December 31, 1999, 19,500 shares on December 31, 2000, and 26,000 shares on December 31, 2001. The number of Shares and price per Shares in every Stock Option issued or to be issued hereunder shall automatically be adjusted for all stock splits, split-ups, stock dividends, reorganizations, and similar transaction of the Corporation.

4.3.5 Payment Obligations. The Corporation's obligation to pay the
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Executive the compensation and to make the arrangements provided herein shall be unconditional, and the Executive shall have no obligation whatsoever to mitigate damages hereunder.

5. CONFIDENTIALITY/COMPETITION.

5.1 Confidentiality. The Executive agrees to execute and abide by the
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Corporation's standard form of Confidentiality and Assignment Agreement in the form attached as Exhibit B, which includes a nonsolicitation provision hereby incorporated by reference.

5.2 Noncompetition. Executive shall not, during the term of this Agreement and for one year thereafter, do any of the following:

(a) Accept employment with, or be engaged as a consultant by (whether with or without compensation and whether on a part-time or full-time basis), or serve as an officer, director or partner of, or own more than one percent (1%) of the outstanding stock or other equity securities of, any corporation, partnership, limited liability company or other entity (collectively "another company") that directly or through a subsidiary or joint venture competes at such time directly or indirectly with the Corporation (a "Competitor").

(b) Divert or attempt to divert, directly or indirectly, any business of the Corporation;

(c) Serve as a director, officer or employee of any company or other entity that hires an employee of the Corporation or any person who was so employed by the Corporation within three (3) months of being hired by such company or other entity;

(d) Materially breach his confidentiality and assignment of invention obligations under the Executive's Confidentiality and Assignment Agreement, or materially breach any provision of this Agreement;

(e) Initiate, file, finance, participate as a named plaintiff in or materially aide any action or other proceeding against the Corporation or any of its officers, directors or employees or agents (including any class action or derivative action) based upon any claims, liens, demands, causes of action, obligations, damages or liabilities;

(f) Initiate, file, finance, participate in or materially aid any proxy fight or tender offer initiated against the Corporation; or

(g) Induce, or attempt to induce, any customers of the Corporation not to purchase products from the Corporation.

5.3 Consquences of Breach. In addition to all other remedies available to the Corporation under this Agreement, in the event the Executive breaches any obligation under Section 5.1 or 5.2 of the Agreement, the Corporation shall have no further obligation to pay Executive any amounts otherwise due under this Agreement, and Executive shall refund to the Corporation any Severance Pay or amounts paid upon a Termination Other Than For Cause that he may have received under this Agreement.

6. GENERAL PROVISIONS

6.1 Waivers. Neither Executive or the Corporation shall be deemed to waive any of its rights, powers or remedies hereunder unless such waiver is in writing and signed by said Party. No delay or omission by either Executive or the Corporation in exercising any of said rights, powers or remedies shall operate as a waiver thereof. Nor shall a waiver of any breach of the covenants, conditions or agreements binding on the other Party on one occasion be construed as a waiver or consent to such breach on any future occasion or a waiver of any other covenant, condition, or agreement herein contained.

6.2 Arbitration . Executive and the Corporation agree that any and all

disputes arising out of or related to Executive's employment, shall be resolved by binding arbitration, except where the law specifically forbids the use of arbitration as a final and binding remedy, or where Section (g) below allows a different remedy. The following dispute resolution procedure shall apply:

(a) The complainant shall provide the other Party with a written statement of the claim identifying any supporting witnesses or documents and the requested relief.

(b) The respondent shall furnish a statement of the relief, if any, that it is willing to provide, and identify supporting witnesses or documents. If the matter is not resolved, the Parties shall submit the matter to nonbinding mediation, paid for by the Corporation, before a mediator jointly selected by both Parties.

(c) If the matter is not resolved through mediation, the Parties agree that the dispute shall be resolved by binding arbitration. If the Parties are unable to jointly select an arbitrator, they will obtain a list from the Federal Mediation and Conciliation Service and select an arbitrator by striking names from that list.

(d) The arbitrator shall have the authority to determine whether the conduct complained of in Section (a) violates complainant's rights and, if so, to grant any relief authorized by law, subject to the exclusions of Section (g) below. The arbitrator shall not have the authority to modify, change or refuse to enforce the terms of any employment agreement between the Parties, or any lawful Corporation policy or benefit plan.

(e) The Corporation shall bear the costs of the arbitration if Executive prevails. If the Corporation prevails, Executive will pay half the cost of the arbitration or $500, whichever is

less. Each Party shall pay its own attorneys fees, unless the arbitrator orders otherwise pursuant to applicable law.

(f) Arbitration shall be the exclusive final remedy for any dispute between the Parties, such as disputes involving claims for discrimination or harassment (such as claims under the Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, or the Age Discrimination in Employment Act), wrongful termination, breach of contract, breach of public policy, physical or mental harm or distress or any other disputes, and the Parties agree that no dispute shall go to arbitration where the complainant has not complied with steps (a) and (b) above.

(g) The Parties agree that the arbitration award shall be enforceable in any court having jurisdiction, so long as the arbitrator's findings of fact are supported by substantial evidence on the whole and there are not errors of law; however, either Party may bring an action for injunctive relief, in a court of

competent jurisdiction regarding matters involving the Corporation's confidential, proprietary or trade secret information, or regarding inventions that you may claim to have developed prior to or after joining the Corporation ("Disputes Related to Inventions"). The Parties further agree that for Disputes Related to Inventions which the Parties have elected to submit to arbitration, each Party retains the right to seek preliminary injunctive relief in court in order to preserve the status quo or prevent irreparable injury before the matter can be heard in arbitration.

6.3 Assignment. Neither Party may assign any portion of this Agreement, voluntarily or involuntarily, including without limitation by operation of law or by merger in which such Party does not survive. Any attempt to do so shall be null and void. No person or entity not a Party hereto shall have any interest herein or be deemed a third party beneficiary hereof, and nothing contained herein shall be construed to create any rights enforceable by any other person or third party.

6.4 Partnership. Nothing herein contained shall be construed as creating a partnership or joint venture by or between the Parties.

6.5 Binding Agreement . This Agreement shall be binding upon and inure to the benefit of, and is enforceable by, the Parties and their respective legatees, distributees, legal representatives, successors and permitted assigns.

6.6 Severability . Any provision of this Agreement held or determined by a court (or other legal authority) of competent jurisdiction to be illegal, invalid, or unenforceable in any jurisdiction shall be deemed separate, distinct and independent, and shall be ineffective to the extent of such holding or determination without (i) invalidating the remaining provisions of this Agreement in that jurisdiction or (ii) affecting the legality, validity or enforceability of such provision in any other jurisdiction.

6.7 Time of Essence . Time is of the essence of this Agreement.

6.8 Headings . Captions and paragraph headings used in this Agreement are for convenience only and shall not be used to interpret any provision hereof.

6.9 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof, and is intended as the Parties' final expression and complete and exclusive

statement of the terms thereof, superseding all prior or contemporaneous agreements, representations, promises and understandings, whether written or oral.

6.10 Notices . Any notice required or permitted to be given hereunder shall be (a) in writing, (b) effective on the first business day following the date of receipt, and (c) delivered by one of the following means: (i) by personal delivery; (ii) by prepaid, overnight package delivery or courier service; or (iii) by the United States Postal Service, first class, certified mail, return receipt requested, postage prepaid. All notices given under this Agreement shall be addressed to the addresses stated at the end of this Agreement, or to new or additional addresses as the Parties may be advised in writing.

6.11 Remedies Cumulative. Unless stated otherwise, all remedies provided for in this Agreement shall be cumulative, nonexclusive and in addition to, but not in lieu of, any other remedies available to either Party at law, in equity, or otherwise.

6.12 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

6.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement.

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

PURCHASE PRO, INTERNATIONAL INC.
("CORPORATION")

ADDRESS:

3291 N. Buffalo Dr.

Las Vegas, NV 89129

BY: /s/ CHRIS CARTON

ITS: President

ADDRESS:

/s/ JEFF NEPPL

JEFF NEPPL
("EXECUTIVE")

Exhibit 10.14

May 19, 1999

Geoff Layne
PurchasePro.com, Inc.
3291 North Buffalo Drive
Las Vegas, NV 89129

Dear Mr. Layne:

This letter agreement (the "Agreement") sets forth the terms and conditions of your employment with PurchasePro.com, Inc. (the "Company").

In consideration of the mutual covenants and promises made in this Agreement, you and the Company agree as follows:

1. Employment. Commencing as of May 19, 1999 (the "Effective Date"), you will serve as the Company's Vice-President of Corporate Development and E-Commerce. You will be given such duties, responsibilities and authority as are appropriate to such position. Throughout the term of your employment, you will devote such business time and energies to the business and affairs of the Company as needed to carry out your duties and responsibilities, subject to the overall supervision of the company's Chairman and/or President of the Company.

2. Term. The term of this Agreement will commence on the Effective Date and shall continue for two (2) years thereafter. During the term of this Agreement, your employment with the Company will be "at-will." Either you or the Company can terminate your employment at any time and for any reason, with or without cause and with or without notice, in each case subject to the terms and provisions of paragraph 7 below.

3. Salary. For your services to the Company, you will be paid a base salary, payable in accordance with the Company's usual payroll practices during your employment, at an annualized rate of $120,000 per year.

4. Bonus. During the term of this Agreement, you will be eligible for a bonus in an amount to be determined by the Company in its sole discretion.

5. Employee Benefit Programs. During your employment, you will be entitled to participate in all Company employee benefit plans and compensation

and perquisite programs made available to the Company's executives or salaried employees generally. You will be entitled to four weeks of vacation per year, provided that you will not accrue unused vacation of more than eight weeks. The corporation shall provide you with an automobile allowance of $750 per month.

6. Stock Options. You have previously been granted stock options covering 75,000 shares which are fully vested.

7. Consequences of Termination of Employment.

(a) For Cause. If the Company terminates your employment for Cause you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination, and you will be entitled to no other compensation from the Company. "Cause" will exist in the event you: (i) willfully breach this Agreement, which breach is not cured within 10 days following written notice from the Company; (ii) engage in conduct constituting willful dishonesty toward, fraud upon, or deliberate or attempted injury to the Company; or (iii) are negligent in the performance of your duties, which negligence is not cured within 10 days following written notice from the Company

(b) Other than for Cause. If the Company terminates your employment for reasons other than Cause, you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination plus two (2) years of your base salary in effect at the date of your termination of employment. You will not be entitled to any other compensation from the Company.

A Constructive Termination shall be treated as a termination for reasons other than for Cause. "Constructive Termination" will exist in the event you terminate your employment with the Company after the Company: (i) materially breaches this Agreement, which breach is not cured within 10 days following written notice from you; (ii) changes your title, working conditions or duties such that your powers are diminished, reduced or otherwise changed to include powers, duties, or working conditions which are not generally consistent with your title, continuing after written notice and 10 days to cure; or (iii) involuntarily relocates your primary place of employment outside of the Las Vegas metropolitan area.

(c) Voluntary Termination. If you terminate your employment with the Company of your own volition other than in a Constructive Termination, such

termination will have the same consequences as a termination for Cause under subparagraph (a) above.

(d) Death or Disability. If your employment with the Company terminates as a result of your death or total and permanent disability, such termination will have the same consequences as a termination by the Company other than for Cause under subparagraph (b) above.

(e) Release of Claims. As a condition to the receipt of the payments described in this paragraph 7, you shall be required to execute a release of all claims arising out of your employment or the termination thereof including, but not limited to, any claim of discrimination under state or federal law, but excluding claims for indemnification from the Company under any indemnification agreement with the Company, its certificate of incorporation and by-laws or applicable law or claims for directors and officers' insurance coverage.

(f) Conditions to Receipt of Payments and Benefits. In view of your position and

access to proprietary information, as a condition to the receipt of payments described in this paragraph 7, you shall not, without the Company's written consent, directly or indirectly, alone or as a partner, joint venturer, officer, director, employee, consultant, agent or stockholder (other than a less than 5% stockholder of a publicly traded company), within one year of your date of termination from the Company (i) engage in any activity which is in competition with the business, the products or services of the Company, (ii) solicit any of the Company's employees, consultants or customers, (iii) hire any of the Company's employees or consultants in an unlawful manner or actively encourage employees or consultants to leave the Company, or (iv) otherwise breach your proprietary information obligations. You agree to execute and comply with the form of proprietary information agreement adopted by the Company.

8. Assignability; Binding Nature. Commencing on the Effective Date, this Agreement will be binding upon you and the Company and your respective successors, heirs, and assigns. This Agreement may not be assigned by you except that your rights to compensation and benefits hereunder, subject to the limitations of this Agreement, may be transferred by will or operation of law. No rights or obligations of the Company under this Agreement may be assigned or transferred except by operation of law in the event of a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the

assets of the Company and assumes the Company's obligations under this Agreement contractually or as a matter of law.

9. Governing Law. This Agreement will be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of Nevada (without regard to its choice of law provisions).

10. Arbitration. The parties agree that any disputes arising out of or related to the Agreement shall be resolved by using the following procedures:

(a) The party claiming to be aggrieved shall furnish to the other party a written statement of the grievance and the relief requested or proposed.

(b) If the other party does not agree to furnish the relief requested or proposed, or otherwise does not satisfy the demand of the party claiming to be aggrieved, the parties shall submit the dispute to non-binding mediation before a mediator to be jointly selected by the parties.

(c) If the mediation does not produce a resolution of the dispute, the parties agree that the dispute shall be resolved by final and binding arbitration in Las Vegas, Nevada. The parties shall attempt to agree to the identity of an arbitrator, and, if they are unable to do so, they will obtain a list of arbitrators from the Judicial Arbitration and Mediation Service and select an arbitrator by striking names from that list. The arbitrator shall have the authority to determine whether the conduct complained of violates the rights of the complaining party and, if so, to grant any relief authorized by law. The arbitrator shall not have the authority to modify, change or

refuse to enforce the terms of this Agreement.

(d) Arbitration shall be the exclusive final remedy for any dispute between the parties, and the parties agree that no dispute shall be submitted to arbitration where the party claiming to be aggrieved has not complied with the preliminary steps provided for above, provided however, that this Section 10 shall not be construed to eliminate or reduce any right the Company or the Executive may otherwise have to seek and obtain from a court a temporary restraining order or a preliminary or permanent injunction to enforce the restrictions of subparagraph 5(f) of this Agreement. The parties agree that the arbitration award shall be enforceable in Clark County Superior Court so long as the arbitrator's findings of fact are supported by substantial evidence on the whole and the arbitrator has not made errors of law.

11. Withholding. Anything to the contrary notwithstanding, following the Effective Date all payments made by the Company hereunder to you or your estate or beneficiaries will be subject to tax withholding pursuant to any applicable laws or regulations. In lieu of withholding, the Company may, in its sole discretion, accept other provision for payment of taxes as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold such taxes have been satisfied.

12. Entire Agreement. This Agreement contains all the legally binding understandings and agreements between you and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

13. Miscellaneous. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to by you and the Board in writing. No waiver by you or the Company of the breach of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. In the event any portion of this Agreement is determined to be invalid or unenforceable for any reason, the remaining portions shall be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

Please indicate your acceptance and understanding of the terms of this Agreement by signing and dating below.

Sincerely,

PURCHASEPRO.COM, INC.

By /s/ CHRISTOPHER P. CARTON

Its Pres./Sect'y

ACKNOWLEDGED AND AGREED:

/s/ GEOFF LAYNE

(Executive)

Dated: May 19, 1999

EXHIBIT 10.15

WARRANT

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SECURITIES AND ANY SECURITIES OR SHARES ISSUED HEREUNDER MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT. COPIES OF THE AGREEMENT COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER OR SALE MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD HEREOF TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICES.

No. C-1 Warrant to Purchase Shares of common stock

WARRANT TO PURCHASE COMMON STOCK

OF

PURCHASEPRO.COM, INC.

In consideration of the sum of Ten dollars ($10.00) previously paid to PURCHASEPRO.COM, INC., a Nevada corporation (the "Company"), receipt and sufficiency of which are hereby acknowledged, this certifies that, for value received, Office Depot, Inc. or its registered assigns ("Holder") is entitled, subject to the terms and conditions set forth below, to purchase from the Company, in whole or in part that number of fully paid and nonassessable shares of the common stock, par value $0.01 per share, of the Company (the "Warrant Shares") as set forth in Section 2 below and at a purchase price per share (the "Exercise Price") as set forth in Section 2 below. The term "Warrant" as used herein shall mean this Warrant, and any warrants delivered in substitution or exchange therefor as provided herein.

1. Term of Warrant. Subject to the terms and conditions set forth herein, this Warrant shall be exercisable, in whole or in part, during the term commencing on the earlier of the date of the first sale of the Company's common stock to the public under Form S-1 (registration statement no. 333-80165) (the "IPO") or November 1,1999 (the "Initial Exercise Date"), and ending at 5:00 p.m., Pacific standard time, on the fourth anniversary of the Initial Exercise Date"), and shall be void thereafter (the "Exercise Period").

2. Number of Shares, Exercise Price.

(a) This Warrant shall be exercisable for five hundred thousand

(500,000) shares of common stock of the Company at an exercise price per share equal to (i) the price per share at which the Company's common stock is sold to the public in the IPO or (if the IPO does not occur prior to November 1, 1999), then at $12.00 per share (the "Exercise Price").

3. Exercise of Warrant.

(a) This Warrant may be exercised by the Holder by (i) the surrender of this Warrant to the Company, with the Notice of Exercise annexed hereto duly completed and executed on behalf of the Holder, at the office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company) during the Exercise Period and (ii) the delivery of payment to the Company, for the account of the Company, by cash, wire transfer of immediately available funds to a bank account specified by the Company, or by certified or bank cashier's check, of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in lawful money of the United States of America. The Company agrees that such Warrant Shares shall be deemed to be issued to the Holder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid. A stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to the Holder as promptly as practicable, and in any event within 10 days, thereafter. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Holder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant. No adjustments shall be made on Warrant Shares issuable on the exercise of this Warrant for any cash dividends paid or payable to holders of record of common stock prior to the date as of which the Holder shall be deemed to be the record holder of such Warrant Shares. However, the number of Warrant Shares shall be adjusted to reflect any stock dividend, stock split or other conversion of the number of shares of the Company into a different number of shares, however denominated.

(b) This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of common stock issuable upon such exercise shall be treated for all purposes as the holder of record of such shares as of the close of business on such date. As promptly as practicable on or after such date and in any event within ten (10) days thereafter, the Company at its expense shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of shares issuable upon such exercise. In the event that this Warrant is exercised in part, the Company at its expense will execute and deliver a new Warrant of like tenor exercisable for the number of shares for which this Warrant may then be exercised.

4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company shall make a cash payment equal to the Exercise Price multiplied by such fraction.

5. Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount.

6. Rights of Stockholders. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the holder of common stock nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein.

7. Transfer of Warrant.

(a) Warrant Register. The Company will maintain a register (the "Warrant Register") containing the names and addresses of the Holder or Holders. Any Holder of this Warrant or any portion thereof may change his address as shown on the Warrant Register by written notice to the Company requesting such change. Any notice or written communication required or permitted to be given to the Holder may be delivered or given by mail to such Holder as shown on the Warrant Register and at the address shown on the Warrant Register. Until this Warrant is transferred on the Warrant Register of the Company, the Company may treat the Holder as shown on the Warrant Register as the absolute owner of this Warrant for all purposes, notwithstanding any notice to the contrary.

(b) Warrant Agent. The Company may, by written notice to the Holder, appoint an agent for the purpose of maintaining the Warrant Register referred to

in Section 7(a) above, issuing the common stock, exchanging this Warrant, replacing this Warrant, or any or all of the foregoing. Thereafter, any such registration, issuance, exchange, or replacement, as the case may be, shall be made at the office of such agent.

(c) Transferability and Nonnegotiability of Warrant. This Warrant may not be transferred or assigned in whole or in part without compliance with all applicable federal and state securities laws by the transferor and the transferee (including the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, if such are requested by the Company). Notwithstanding the foregoing, no investment representation letter or opinion of counsel shall be required for any transfer of this Warrant (or any portion thereof) or any shares of common stock issued upon exercise hereof (i) in compliance with Rule 144 or Rule 144A of the Act, or (ii) by gift, will or intestate succession by the Holder to his or her spouse or lineal descendants or ancestors or any trust for any of the foregoing; provided that in each of the foregoing cases the transferee agrees in writing to be subject to the terms of this Section 7(c). In addition, if the holder of the Warrant (or any portion thereof) or any common stock issued upon exercise hereof delivers to the Company an unqualified opinion of counsel that no subsequent transfer of such Warrant or common stock shall require registration under the Act, the Company shall, upon such contemplated transfer, promptly deliver new documents/certificates for such Warrant or common stock that do not bear the legend set forth in Section 7(e)(ii) below. Subject to the provisions of this Warrant with respect to compliance with the Securities Act of 1933, as amended (the "Act"), title to this Warrant may be transferred by endorsement (by the Holder executing the Assignment Form annexed hereto) and delivery in the same manner as a negotiable instrument transferable by endorsement and delivery.

(d) Exchange of Warrant Upon a Transfer. On surrender of this Warrant for exchange, properly endorsed on the Assignment Form and subject to the provisions of this Warrant with respect to compliance with the Act and with the limitations on assignments and transfers and contained in this Section 7, the Company at its expense shall issue to or on the order of the Holder a new warrant or warrants of like tenor, in the name of the Holder or as the Holder (on payment by the Holder of any applicable transfer taxes) may direct, for the number of shares issuable upon exercise hereof.

(e) Compliance with Securities Laws.

(i) The initial Holder of this Warrant represents and warrants to the Company that it is an institutional accredited investor under the Act and that it has received and reviewed the Form S-1 for the Company's IPO. The initial Holder represents and warrants to the Company that it has all of the information necessary for it to evaluate an investment in

the Company's securities. The initial Holder consents to the disclosure of the terms of this Warrant in the Form S-1 and the filing of this Warrant as an exhibit to the Form S-1.

(ii) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of common stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any shares of common stock to be issued upon exercise hereof except under circumstances that will not result in a violation of the Act or any applicable state securities laws. Upon the exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the shares of common stock so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

(iii) This Warrant and all shares of common stock issued upon exercise hereof shall be stamped or imprinted with a legend in substantially the following form (in addition to any legend required by state securities laws):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SECURITIES AND ANY SECURITIES OR SHARES ISSUED HEREUNDER MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT. COPIES OF THE AGREEMENT COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER OR SALE MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD HEREOF TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICES."

(iv) The Company agrees to remove promptly, upon the request of the holder of this Warrant and Securities issuable upon exercise of the Warrant, the legend set forth in Section 7(e)(ii) above from the documents/certificates for such securities upon full compliance with this Agreement and Rules 144 and 145.

8. Reservation of Stock. The Company covenants that during the term this Warrant is exercisable, the Company will reserve from its authorized and unissued common stock a sufficient number of shares to provide for the issuance of common stock upon the exercise of this Warrant (including any adjustment in the number of Warrant Shares pursuant to Section 3(a) above). The Company further covenants that all shares that may be issued upon the exercise of rights represented by this Warrant and payment of the Exercise Price, all as set forth herein, will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously

or otherwise specified herein). The Company agrees that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of common stock upon the exercise of this Warrant.

9. Registration Rights: Company Registration.

(a) If the Company shall determine to register any of its securities either for its own account, other than a registration relating solely to employee benefit plans, or a registration relating solely to a Rule 145 transaction, or a registration on any registration form that does not permit secondary sales, the Company will:

(i) promptly give to Holder written notice thereof; and

(ii) use its best efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 9(b) below, and in any underwriting involved therein, all or any part (in minimum increments of 100,000 Shares) of the Warrant Shares specified in a written request or requests, made by Holder and received by the Company within twenty (20) days after the written notice from the Company described in clause (i) above is mailed or delivered by the Company. Such written request may specify all or a part of Holder's Warrant Shares.

(b) Underwriting. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise Holder as a part of the written notice given pursuant to Section 9(a)(i). In such event, the right of Holder to registration pursuant to this Section 9 shall be conditioned upon Holder's participation in such underwriting and the inclusion of Holder's Warrant Shares in the underwriting to the extent provided herein. A Holder proposing to distribute its securities through such underwriting shall (together with the Company and the other holders of securities of the Company with registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company.

Notwithstanding any other provision of this Section 9, if the representative of the underwriters advises the Company, in good faith, in writing that marketing factors require a limitation on the number of shares to be underwritten, the representative may (subject to the limitations set forth below) exclude all Warrant Shares from, or limit the number of Warrant Shares to be included in, the registration and underwriting. If the registration is the first Company-initiated registered offering of the Company's securities to the general public, the Company may limit, to the extent so advised by the

underwriters, the amount of securities (including Warrant Shares) to be included in the registration by the Company's stockholders (including the Holder), and such securities shall be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder, or the Company may exclude, to the extent so advised by the underwriters, such underwritten securities entirely from such registration. If such registration is the second or any subsequent Company-initiated registered offering of the Company's securities to the general public, the Company may limit, to the extent so advised by the underwriters, the amount of securities to be included in the registration by the Company's stockholders (including the Holder); provided, however, that the aggregate value of Warrant Shares to be included in such registration may not be so reduced to less than twenty-five percent (25%) of the total value of all securities included in such registration, to be apportioned pro rata among the holders of registrable securities according to the total amount of securities entitled to be included therein owned by each holder of registrable securities. If any person does not agree to the terms of any such underwriting, he shall be excluded therefrom by written notice from the Company or the underwriter. Any Warrant Shares or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

If shares are so withdrawn from the registration or if the number of shares of Warrant Shares to be included in such registration was previously reduced as a result of marketing factors, the Company shall then offer to all persons who have retained the right to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of shares so withdrawn.

10. Registration on Form S-3.

(a) After its IPO, the Company shall use its best efforts to qualify for registration on Form S-3 or any comparable or successor form or forms. After the Company has qualified for the use of Form S-3, in addition to the rights contained in the foregoing provisions of Section 9, Holder shall have the right to request one or more registrations on Form S-3 (such requests shall be in writing and shall state the number of shares of Warrant Shares to be disposed of and the intended methods of disposition of such shares by Holder), provided, however, that the Company shall not be obligated to effect any such registration if (i) Holder proposes to sell Warrant Shares on Form S-3 at an aggregate price to the public of less than $500,000, or (ii) in the event the Company shall furnish the certification described in paragraph 10(d)(ii) (but subject to the limitations set forth therein), or (iii) the Company has, within the six (6) month period preceding the date of such request already effected one registration on Form S-3 for the Holders pursuant to this Section 10.

(b) If a request complying with the requirements of Section 10(a) hereof is delivered to the Company, the provisions of Sections 9(a)(i) and (ii) and Section 10(c) hereof shall apply to

such registration. If the registration is for an underwritten offering, the provisions of Sections 9(b) hereof shall apply to such registration.

(c) The Company shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 10:

(i) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(ii) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a Company-initiated registration; provided that (i) the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(d) Subject to the foregoing clauses (i) and (ii), the Company shall file a registration statement covering the Warrant Shares so requested to be registered as soon as practicable after receipt of the request of Holder; provided, however, that if (i) in the good faith judgment of the Board of Directors of the Company, such registration would be seriously detrimental to the Company and the Board of Directors of the Company concludes, as a result, that it is essential to defer the filing of such registration statement at such time, and (ii) the Company shall furnish to Holder a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company for such registration statement to be filed in the near future and that it is, therefore, essential to defer the filing of such registration statement, then the Company shall have the right to defer such filing for the period during which such disclosure would be seriously detrimental, provided that (except as provided in clause (C) above) the Company may not defer the filing for a period of more than one hundred eighty (180) days after receipt of the request of Holder, and, provided further, that the Company shall not defer its obligation in this manner more than once in any twelve (12) month period.

11. Expenses of Registration. All Registration Expenses (as defined herein) incurred in connection with any registration, qualification or compliance pursuant to Sections 9 and 10 hereof and reasonable fees of one counsel for Holder shall be borne by the Company. All Selling Expenses (as defined herein) relating to securities so registered shall be borne by the holders of such securities pro rata on the basis of the number of shares of securities so registered on their behalf. "Registration Expenses" shall mean all expenses incurred in effecting any registration pursuant to this Warrant, including, without limitation, all registration, qualification, and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, fees and disbursements of one special counsel for the selling

stockholders, blue sky fees and expenses, accounting fees and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses and fees and disbursements of additional counsel for the stockholders. Registration Expenses do not include the compensation of regular employees of the Company, which shall be paid in any event by the Company.

"Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Warrant Shares and fees and disbursements of counsel for any Holder (other than the fees and disbursements of counsel included in Registration Expenses).

12. Amendments. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

13. Market-Standoff Provisions. If requested by the Company and an underwriter of the common stock of the Company, Holder shall not sell or otherwise transfer or dispose of any Warrant Shares held by Holder (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of the IPO. Holder shall sign at the same time it signs this Warrant the letter requested by Prudential Securities as lead manager in the IPO containing the 180 day lock up restrictions.

14. Miscellaneous.

(a) This Warrant shall be governed by the laws of the State of Nevada as applied to agreements entered into in the State of Nevada by and among residents of the State of Nevada.

(b) In the event of a dispute with regard to the interpretation of this Warrant, the prevailing party may collect the cost of attorney's fees, litigation expenses or such other expenses as may be incurred in the enforcement of the prevailing party's rights hereunder.

(c) The rights to cause the Company to register securities granted to a Holder by the Company under Section 10 may be transferred or assigned by Holder only to a transferee or assignee of not less than 100,000, provided that the Company is given written notice at the time of or within a reasonable time after such transfer or assignment, stating the name and address of the transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned, and, provided further, that the transferee or assignee of such rights assumes the obligations of such Holder under this Warrant.

(d) This Warrant shall be exercisable as provided for herein, except that in the event that the expiration date of this Warrant shall fall on a Saturday, Sunday or United States federally recognized Holiday, this expiration date for this Warrant shall be extended to 5:00 p.m. Pacific standard time on the business day following such Saturday, Sunday or recognized Holiday.

IN WITNESS WHEREOF, PURCHASEPRO.COM, INC. has caused this Warrant to be executed by its officers thereunto duly authorized.

Dated: July 22, 1999.

HOLDER

/s/ DAVID C. FANNIN
_____
(Signature)

David C. Fannin
_____
(Print Name)

PURCHASEPRO.COM, INC., a Nevada corporation

By /s/ CHRISTOPHER P. CARTON
_____
Christopher P. Carton
President/COO/Sect'y

NOTICE OF EXERCISE

To: PURCHASEPRO.COM, INC.

(1) The undersigned hereby elects to purchase shares of common stock of PURCHASEPRO.COM, INC., pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price for such shares in full.

(2) In exercising this Warrant, the undersigned hereby confirms and acknowledges that the shares of common stock to be issued upon conversion

thereof are being acquired solely for the account of the undersigned and not as a nominee for any other party, or for investment, and that the undersigned will not offer, sell or otherwise dispose of any such shares of common stock except under circumstances that will not result in a violation of the Securities Act of 1933, as amended, or any applicable state securities laws.

(3) Please issue a certificate or certificates representing said shares of common stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____
(Name)

(4) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____ _____
(Date) (Name)

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under the within Warrant, with respect to the number of shares of common stock set forth below:

Name of Assignee	Address	No. of Shares
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and does hereby irrevocably constitute and appoint Attorney to make such transfer on the books of PURCHASEPRO.COM, INC., maintained for the purpose, with full power of substitution in the premises.

The undersigned also represents that, by assignment hereof, the Assignee acknowledges that this Warrant and the shares of stock to be issued upon exercise hereof or conversion thereof are being acquired for investment and that the Assignee will not offer, sell or otherwise dispose of this Warrant or any shares of stock to be issued upon exercise hereof or conversion thereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended, or any applicable state securities laws. Further, the Assignee has acknowledged that upon exercise of this Warrant, the Assignee shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the shares of stock so purchased are being acquired for investment and not with a view toward distribution or resale.

Dated: _____, __

_____
Signature of Holder

[LOGO APPEARS HERE]

July 16, 1999

Richard St. Peter
3000 Stern Drive
Las Vegas, NV 89117

Dear Richard:

This letter agreement (the "Agreement") sets forth the terms and conditions of your employment with PurchasePro.com, Inc. (the "Company").

In consideration of the mutual covenants and promises made in this Agreement, you and the Company agree as follows:

1. Employment. Commencing as of July 19, 1999 (the "Effective Date"), you will serve as the Company's Senior Vice-President -- Chief Financial Officer and Treasurer. You will be given such duties, responsibilities and authority as are appropriate to such position. Throughout the term of your employment, you will devote such business time and energies to the business and affairs of the Company as needed to carry out your duties and responsibilities, subject to the overall supervision of the company's President.

2. Term. The term of this Agreement will commence on the Effective Date and shall continue for two (2) years thereafter. During the term of this Agreement, your employment with the Company will be "at-will." Either you or the Company can terminate your employment at any time and for any reason, with or without cause and with or without notice, in each case subject to the terms and provisions of paragraph 7 below.

3. Salary. For your services to the Company, you will be paid a base salary, payable in accordance with the Company's usual payroll practices during your employment, at an annualized rate of $190,000 per year.

4. Bonus. During the term of this Agreement, you will be eligible for a bonus in an amount to be determined by the Company in its sole discretion.

5. Employee Benefit Programs. During your employment, you will be entitled to participate in all Company employee benefit plans and compensation and perquisite programs made available to the Company's executives or salaried employees generally except for medical, dental, and life insurance. You will be

entitled to four weeks of vacation per year vested upon hire, provided that you will not accrue unused vacation of more than eight weeks. The corporation shall provide you with an expense allowance of $1,000 per month.

6. Stock Options. The Corporation will provide you with the following options (collectively, "Stock Options") to acquire shares of the Corporation's Class A Common Stock ("Shares"):

On the Effective Date, Stock Options to purchase 150,000 Shares at $6.00 (subject to SEC rules and restrictions imposed upon the officers and major shareholders of the Corporation). The Stock Options will be exercisable at any time during the ten (10) year period commencing on vesting of such Stock Options, as follows: (i) Stock Options on 50,000 Shares shall vest six months after the effective date, (ii), Stock Options on 25,000 Shares shall vest one year after the effective date, and (iii) Stock Options on 75,000 Shares shall vest two (2) years after the Effective Date. No vesting shall occur under this Section on or after the termination of your employment except in the event that your employment is terminated without cause as referenced in Section 7(b) below or should you die or be permanently disabled per section 7(d).

7. Consequences of Termination of Employment.

(a) For Cause. If the Company terminates your employment for Cause you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination, and you will be entitled to no other compensation from the Company. "Cause" will exist in the event you: (i) willfully breach this Agreement, which breach is not cured within 10 days following written notice from the Company; (ii) engage in conduct constituting willful dishonesty toward, fraud upon, or deliberate or attempted injury to the Company; or (iii) are negligent in the performance of your duties, which negligence is not cured within 10 days following written notice from the Company.

(b) Other than for Cause. If the Company terminates your employment for reasons other than Cause, you will be entitled to any unpaid salary, bonus and vacation due you pursuant to paragraphs 3, 4 and 6 above through the date of termination plus twelve (12) months of your base salary in effect at the date of your termination of employment. In accordance with paragraph 6 all unvested stock options shall become immediately fully vested and shall remain exercisable for such 12-month period following termination. You will not be entitled to any other compensation from the Company.

A Constructive Termination shall be treated as a termination for reasons other than for Cause. "Constructive Termination" will exist in the event you terminate your employment with the Company after the Company: (i) materially breaches this Agreement, which breach is not cured within 10 days following written notice from you; (ii) changes your title, working conditions or duties such that your powers are diminished, reduced or otherwise changed to include powers, duties, or working conditions which are not generally consistent with your title, continuing after written notice and 10 days to cure; or (iii) involuntarily relocates your primary place of employment outside of the Las Vegas Metropolitan area.

(c) Voluntary Termination. If you terminate your employment with the Company of your own volition other than in a Constructive Termination, such termination will have the same consequences as a termination for Cause under subparagraph (a) above.

(d) Death or Disability. If your employment with the Company terminates as a result of your death or total and permanent disability, such termination will have the same consequences as a termination by the Company other than for Cause under subparagraph (b) above.

(e) Release of Claims. As a condition to the receipt of the payments described in this paragraph 7, you shall be required to execute a release of all claims arising out of your employment or the termination thereof including, but not limited to, any claim of discrimination under state or federal law, but excluding claims for indemnification from the Company under any indemnification agreement with the Company, its certificate of incorporation and by-laws or applicable law or claims for directors and officers' insurance coverage.

(f) Conditions to Receipt of Payments and Benefits. In view of your position and access to proprietary information, as a condition to the receipt of payments described in this paragraph 7, you shall not, without the Company's written consent, directly or indirectly, alone or as a partner, joint venturer, officer, director, employee, consultant, agent or stockholder (other than a less than 5% stockholder of a publicly traded company), within one year of your date of termination from the Company (i) engage in any activity which is in competition with the business, the products or services of the Company, (ii) solicit any of the Company's employees, consultants or customers, (iii) hire any of the Company's employees or consultants in an unlawful manner or actively encourage employees or consultants to leave the Company, or (iv) otherwise breach your proprietary information obligations. You agree to execute and comply with the form of proprietary information agreement adopted by the Company.

8. Assignability; Binding Nature. Commencing on the Effective Date, this Agreement will be binding upon you and the Company and your respective successors, heirs, and assigns. This Agreement may not be assigned by you except that your rights to compensation and benefits hereunder, subject to the limitations of this Agreement, may be transferred by will or operation of law. No rights or obligations of the Company under this Agreement may be assigned or transferred except by operation of law in the event of a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and assumes the Company's obligations under this Agreement contractually or as a matter of law.

9. Governing Law. This Agreement will be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of Nevada (without regard to its choice of law provisions).

10. Arbitration. The parties agree that any disputes arising out of or related to the Agreement shall be resolved by using the following procedures:

(a) The party claiming to be aggrieved shall furnish to the other party a written statement of the grievance and the relief requested or proposed.

(b) If the other party does not agree to furnish the relief requested or proposed, or otherwise does not satisfy the demand of the party claiming to be aggrieved, the parties shall submit the dispute to non-binding mediation before a mediator to be jointly selected by the parties.

(c) If the mediation does not produce a resolution of the dispute, the parties agree that the dispute shall be resolved by final and binding arbitration in Las Vegas, Nevada. The parties shall attempt to agree to the identity of an arbitrator, and, if they are unable to do so, they will obtain a list of arbitrators from the Judicial Arbitration and Mediation Service and select an arbitrator by striking names from that list. The arbitrator shall have the authority to determine whether the conduct complained of violates the rights of the complaining party and, if so, to grant any relief authorized by law. The arbitrator shall not have the authority to modify, change or refuse to enforce the terms of this Agreement.

(d) Arbitration shall be the exclusive final remedy for any dispute between the parties, and the parties agree that no dispute shall be submitted to arbitration where the party claiming to be aggrieved has not complied with the

preliminary steps provided for above, provided however, that this Section 10 shall not be construed to eliminate or reduce any right the Company or the Executive may otherwise have to seek and obtain from a court a temporary restraining order or a preliminary or permanent injunction to enforce the restrictions of subparagraph 5(f) of this Agreement. The parties agree that the arbitration award shall be enforceable in Clark County Superior Court so long as the arbitrator's findings of fact are supported by substantial evidence on the whole and the arbitrator has not made errors of law.

11. Withholding. Anything to the contrary notwithstanding, following the
---
Effective Date all payments made by the Company hereunder to you or your estate or beneficiaries will be subject to tax withholding pursuant to any applicable laws or regulations. In lieu of withholding, the Company may, in its sole discretion, accept other provision for payment of taxes as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold such taxes have been satisfied.

12. Entire Agreement. This Agreement contains all the legally binding
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understandings and agreements between you and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

13. Miscellaneous. No provision of this Agreement may be amended or waived
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unless such amendment or waiver is agreed to by you and the Chief Executive Officer or President of the Company in writing. No waiver by you or the Company of the breach of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. In the event any portion of this Agreement is determined to be invalid or unenforceable for any reason, the remaining portions shall be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

Please indicate your acceptance and understanding of the terms of this Agreement by signing and dating below.

Sincerely,

PURCHASEPRO.COM, INC.

By /s/ CHRISTOPHER P. CARTON

Its President/COO/Sct'y

ACKNOWLEDGED AND AGREED:

/s/ RICHARD ST. PETER

(Richard St. Peter)

Dated: July 16, 1999

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report dated June 2, 1999 (and to all references to our Firm) included in or made a part of this Registration Statement on Form S-1.

ARTHUR ANDERSEN LLP

Las Vegas, Nevada

July 23, 1999

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