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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended November 30, 2003

or

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

For the transition period from to

Commission File Number 0-11791

PURCHASESOFT, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of
Incorporation or Organization)

13-2897997

(I.R.S. Employer
Identification No.)

7514 Girard Ave Ste 1440

La Jolla, CA 92037

(Address of Principal Executive Offices)

(858) 456-6608

(Issuer's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

STATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON EQUITY, AS OF THE LATEST PRACTICABLE DATE.

<u>Class</u>	<u>Outstanding at January 10, 2004</u>
COMMON STOCK, PAR VALUE \$0.01 PER SHARE	33,287,267 SHARES



**PURCHASESOFT, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMPANY FOR WHICH REPORT IS FILED: PURCHASESOFT, INC. (THE "COMPANY")

**PURCHASESOFT, INC.
BALANCE SHEET (Unaudited)
November 30, 2003**

ASSETS	
Current Assets	
Cash	\$ 16,362
Accounts Receivable	6,193
Total current assets	<u>22,555</u>
Property and equipment, net of accumulated depreciation of \$421	842
Goodwill	<u>150,803</u>
TOTAL ASSETS	<u>\$ 174,200</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable and accrued expenses	\$ 33,371
Deferred revenue	10,964
Short-term note payable	110,000
Total current liabilities	<u>154,335</u>
Stockholders' Equity	
Common stock, \$0.01 par value, 50,000,000 shares authorized, 33,287,267 shares issued and outstanding	332,873
Paid-in capital	43,155,822
Accumulated deficit	<u>(43,379,798)</u>
	108,897
Treasury stock (4,780 shares), at cost	<u>(89,032)</u>
Total stockholders' equity	<u>19,865</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 174,200</u>

PURCHASESOFT, INC.
STATEMENT OF OPERATIONS (Unaudited)
For six months ending November 30, 2003

	<u>Three months ended November 30, 2003</u>	<u>Six months ended November 30, 2003</u>
Revenue:		
Services	\$ 6,043	\$ 10,293
Total revenue	<u>6,043</u>	<u>10,293</u>
Costs and expenses:		
Cost of service revenue	4,733	8,333
Sales and marketing	105	369
General and administrative	51,782	121,228
Research and development	—	1,625
Total costs and expenses	<u>56,620</u>	<u>131,555</u>
Operating (loss)	<u>(50,577)</u>	<u>(121,262)</u>
Interest expense	(1,025)	(1,475)
Total other expense	<u>(1,025)</u>	<u>(1,475)</u>
Net (loss)	<u>\$ (51,602)</u>	<u>\$ (122,737)</u>
Net (loss) per share-basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares	33,287,267	33,287,267

PURCHASESOFT, INC.
STATEMENT OF CASH FLOWS (Unaudited)
For six months ending November 30, 2003

For Six Months ended	November 30, 2003
Cash Flows from Operating Activities:	
Net (loss)	\$ (122,737)
Adjustments to reconcile net (loss) to net cash used in operating activities:	
Depreciation	210
(Increase) in accounts payable	(6,193)
Increase (decrease) in:	
Accounts payable and accrued expenses	21,244
Deferred revenue	(4,100)
Net cash flow used in operating activities	<u>(111,576)</u>
Cash Flows from Investing Activities:	
	<u>—</u>
Cash Flows from Financing Activities:	
Proceeds from issuance of notes payable	110,000
Net cash flow provided by financing activities	<u>110,000</u>
Net (decrease) in cash	(1,576)
Cash balance at beginning of period	<u>17,938</u>
Cash balance at end of period	<u><u>\$ 16,362</u></u>

PURCHASESOFT, INC.
STATEMENT OF CHANGES OF NET LIABILITIES IN LIQUIDATION (Unaudited)
For six months ending November 30, 2002

	Three Months ended November 30, 2002	Six Months ended November 30, 2002
Net (liabilities) in liquidation as of beginning of period	\$ (279,266)	\$ (207,780)
Sources of Additional Cash:		
Vendor Refund	20,717	21,370
Additional Use of Cash:		
Office costs	(6,722)	(6,929)
Professional fees	(2,722)	(9,491)
Telephone and utilities	—	(469)
Other	(9,444)	(628)
Adjustments of estimated values	2,000	(62,066)
Net (liabilities) in liquidation as of November 30, 2002	<u>\$ (265,993)</u>	<u>\$ (265,993)</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation On December 21, 2001, the Board of Directors of the Company approved a plan to wind down the operations of the Company, which includes salvaging the value of its assets during the wind down. As a result of the adoption of the Plan and the imminent nature of the liquidation, the Company adopted the liquidation basis of accounting effective December 1, 2001. The liquidation basis of accounting requires the Company to accrue an estimate for all liabilities related to expenses to be incurred during the wind down period. Additionally, assets are stated at their estimated net realizable value and liabilities are stated at their anticipated settlement amounts. The estimated net realizable value of assets represents management's best estimate of the recoverable value of the assets, net of selling expenses, and without consideration for the effect that the settlement of any litigation may have on the value of the assets.

On November 8, 2002, the Board of Directors approved a plan for the restart of service and support to previous Company's customers and for the cessation of the wind down of operations. Under this plan, the Company will engage certain subcontractors to provide management, sales and support through commissions and revenue sharing agreements. With the first new revenue generated in the fourth quarter of fiscal year ended May 31, 2003, the Company changed its accounting method from liquidating basis to going concern basis effective on March 1, 2003.

Presentation of Interim Information The financial information at November 30, 2003 and for the three and six months then ended is unaudited but includes all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of the financial information set forth herein, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and with the instructions to Form 10-QSB. Accordingly, such information does not include all of the information and footnotes required by U.S. GAAP for annual financial statements. For further information refer to the Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended May 31, 2003.

The results for the three and six months ended November 30, 2003 may not be indicative of results for the year ending May 31, 2004 or any future periods.

The financial statements for the three and six months ended November 30, 2002 were prepared on the liquidation basis of accounting, which contemplates realization of assets at their net realizable value and satisfaction of liabilities at their anticipated settlement amounts.

Accounts Receivable Management of the Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Goodwill The Company assesses goodwill for recoverability if the market capitalization of the Company is less than its net assets. The Company measures declines in value of goodwill that are other than temporary using the market value method. The Company measures the market value based on the quoted market price of the Company that is most representative of the fair value of the Company's common stock multiplied by the number of common shares outstanding. The Company did not recognize any impairment loss for goodwill in the reported period.

Loss Per Common Share The Company accounts for income (loss) per share in accordance with SFAS No. 128, "Earnings Per Share." SFAS No. 128 requires that presentation of basic and diluted earnings per share for entities with complex capital structures. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common stock outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted net loss per common share does not differ from basic net loss per common share since potential shares of common stock from the exercise of stock options and warrants are anti-dilutive for all periods presented. Shares excluded from diluted loss per share totaled 168,750 on November 30, 2003.

NOTE 2 – GOING CONCERN

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. In the near term, the Company expects operating costs to continue to exceed funds generated from operations. As a result, the Company expects to continue to incur operating losses and may not have enough money to grow its business in the future. The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. As a result, operations in the near future are expected to

continue to use working capital.

Management is currently involved in active negotiations to obtain additional financing and actively increasing marketing efforts to increase revenues, as discussed in note 7. The Company continued existence depends on its ability to meet its financing requirements and the success of its future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 – SHORT-TERM NOTES PAYABLE

Short-term notes payable at November 30, 2003 consist of the following:

Promissory note-individual payable on 12/11/03; interest at 6% per annum; unsecured	\$	60,000
Promissory note-related party payable on 4/12/04; interest at 6% per annum; unsecured		25,000
Promissory note-individual payable on 4/13/04; interest at 6% per annum; unsecured		<u>25,000</u>
Total short-term notes payable	\$	<u>110,000</u>

In addition, the Company granted the creditors stock warrants to purchase up to aggregate of 225,000 shares at an exercise price of \$0.01 per share commencing August 1, 2003 through April 16, 2004. None of these warrants were exercised at November 30, 2003.

NOTE 4 – NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share:

	Three Months ended November 30, 2003	Six Months ended November 30, 2003
Numerator:		
Net (Loss)	\$ (51,602)	\$ (122,737)
Denominator:		
Weighted Average of Common Shares	<u>33,287,267</u>	<u>33,287,267</u>
Net Loss per Share-basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

NOTE 5 – SEGMENT INFORMATION

The Company is currently managed and operated as one business. The entire business is managed by a single management team that reports to the Company's President. The Company does not operate separate lines of business or separate business entities with respect to any of its product candidates. Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and does not have separately reportable segments as defined by SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information".

NOTE 6 - GUARANTEES

The Company from time to time enters into certain types of contracts that contingently require the Company to indemnify parties against third party claims. These contracts primarily relate to certain agreements with the Company's officers, directors and employees, under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship.

The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated. Because the obligated amounts of these types of agreements often are not explicitly stated, the overall maximum amount of the obligations cannot be reasonably estimated. Historically, the Company has not been obligated to make significant payments for these obligations, and no liabilities have been recorded for these obligations on its balance sheet as of November 30, 2003.

NOTE 7 – STRATEGIC PARTNERSHIP AND BUSINESS DEVELOPMENT AGREEMENTS

In late November 2003, the Company entered into a strategic partnership agreement and a business development agreement with the United States Mexico Chamber of Commerce ("USMCOC") and Cornerstone Communications, LLC ("Cornerstone").

Pursuant to the strategic partnership agreement ("Partnership"), contingent upon securing at least \$24,000 in funding, the Company will provide their products and product knowledge, free of charge, to create an e-marketplace environment for the Partnership. The USMCOC will provide the membership community for the e-marketplace environment. Cornerstone will facilitate communications and manage the overall relationship between the Company and USMCOC.

Pursuant to the business development agreement, Cornerstone will provide business development and marketing expertise of the Company's products and services.

In consideration, the Company agreed to grant Cornerstone stock warrants to purchase up to 400,000 shares of the Company's common stock at an exercise price of \$0.02 per share commencing December 1, 2003 through May 31, 2004. In addition, Cornerstone will receive 25% of the Company's revenue generated within a territory to be mutually defined as all participating companies in the USMCOC community.

NOTE 8 – SUBSEQUENT EVENTS

Note payable with detachable warrants

In December 2003, the Company issued two notes payable in the total amount of \$75,000 to raise additional operating capital. The notes carry interest at 6% per annum and are due and payable within 180 days. In addition, the Company granted the creditors stock warrants to purchase up to 225,000 shares, in aggregate, at an exercise price of \$0.01 per share commencing December 22, 2003 through June 30, 2004.

Pending Business Acquisition

On December 20, 2003, the Board of Directors proposed the acquisition of a software company in Germany. The Company offered to pay 200,000 Euro in cash and to issue 8 million shares of the Company's common stock for all of the issued and outstanding shares of this German company. In addition, the Company agreed to backup 50% of a loan security of 100,000 Euro that was provided by the German shareholders and to issue a note payable of 250,000 Euro at an interest rate of 7% per annum to one of these shareholders for the money he funded for the acquisition of the assets from insolvency.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and attached notes and the other financial information included elsewhere in this report. This Management's Discussion and Analysis of Financial Condition and Results of Operations section contains descriptions of our expectations regarding future trends affecting our business. These forward-looking statements and other forward-looking statements made elsewhere in this document are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The discussion below and under the heading "Risk Factors" sets forth numerous factors we believe could cause actual results to differ materially from those contemplated by the forward-looking statements. We are not under any obligation to update the information contained in this section.

Overview

In July 2003 the Company successfully settled the last of the remaining liabilities that had been incurred prior to and during the wind down period. Management has been completely successful in discharging those liabilities, preserving the intellectual property and public filing status of the Company for the future benefit of all its existing shareholders. With a clean and newly restated balance sheet at May 31, 2003, the Company can now focus on the future and the task of rebuilding shareholder value.

There were several significant events that occurred during the first six months of fiscal year ending May 31, 2003 that render a year over year comparative discussion of operating results and the Company's financial condition problematic and essentially useless.

1. On August 5th, 2002 the Company announced a change in control in that L-R Global sold its 82% interest to Steven Flagg and Tom Marsh. The Company had been put into wind down status by L-R Global.
2. In the Company's 10-QSB for the period ending February 28, 2003, the Company announced that it would be resuming operations and will begin reporting as a going concern effective March 1st, 2003.

As a result of this decision, the first six months of the fiscal year ending May 31, 2003 was reported using a liquidation method of accounting. While the Company has resumed operations and reporting as a going concern with the results of the fourth quarter of the year ending May 31, 2003, the change in control accounting adjustments, the liquidation of all previous assets, liabilities, employees and locations, and the change in business strategy make all comparative analysis with previous years operating financial periods irrelevant.

Current Operating Results, Liquidity and Capital Resources

Revenue. For the second quarter ending November 30, 2003 revenue increased to \$6,043 from \$4,250 in the previous quarter. The increase was due to the results of a full quarter of maintenance contract revenue from customers signed in the previous quarter, the addition of Country Companies Insurance to a maintenance contract and a training event with an existing customer. There were no sales of new licenses in the quarter. With the completion of the new release of PurchaseSoft 9.0, the Company expects revenue to increase from the sale of upgrades and new customers. The Company expects to upgrade and sign maintenance contracts with a majority of the customers still using the PurchaseSoft 5.0 product during the next twelve months.

Operating Expenses. Operating Expenses for the quarter were \$56,620 vs. \$74,935 in the previous quarter. The decrease was due to lower legal, travel and consulting expense related to the Company's acquisition program. Accounting and SEC filing and compliance costs also were lower. The Company expects these expenses to remain the same over the next few quarters as a result of costs related to product development, marketing and sales expense for the 9.0 re-launch, and a full-time acquisition search. The Company does not expect to be profitable or cash flow positive during the first three quarters of the year ending May 31, 2004.

Liquidity. The Company's cash balance and working capital was \$16,362 at November 30, 2003 compared to \$9,199 at August 31, 2003. The Company raised \$50,000 during the quarter. The Company plans to finance the projected expenses associated with the acquisition search with \$125,000 in bridge loans with attached warrants from private investors. A private

placement is planned to provide working capital in the event the Company is successful in the acquisition of one or more businesses.

Certain Business Risks

Stockholders and prospective purchasers of our common stock should carefully consider the following risk factors in addition to the other information appearing in this Quarterly Report on Form 10-QSB.

History of Losses and Accumulated Deficit; Uncertainty of Future Profitability.

The Company has experienced ongoing losses from operations. The Company only resumed operations as a going concern in March 2003. The Company expects that such losses may continue for at least some period until product sales may be generated in sufficient volume to offset expenses. The Company does not expect to be profitable unless and until such time as sales of its software products and services generate sufficient revenue to fund its operations.

Uncertainty of Market Acceptance of PurchaseSoft Software.

The Company cannot offer any assurance that its PurchaseSoft products and/or the products of any acquired business will achieve and sustain market acceptance. The Company believes that its history of financial performance has negatively affected its image in the marketplace and that it may have forfeited business from potential customers who expressed concerns about the Company's financial status and ability to remain solvent. The Company believes that the ownership and management changes in PurchaseSoft will help position the Company to overcome these past objections. The Company believes its largest challenge is to gain wide spread market acceptance of its products. The failure to obtain market acceptance would have a material adverse affect on the Company's business.

New Management, Ability to Recruit Sales, Service, and Implementation Personnel.

The Company's management has a very limited history in operating the Company although they are experienced in managing companies with similar challenges similar. There can be no assurance that the Company's management will be successful in meeting their planned objectives. The ability to achieve anticipated revenues is substantially dependent on the ability of the Company to attract on a timely basis and retain skilled personnel, especially key management, sales, support, and development personnel. The Company believes that its future success will depend in large part on its ability to attract and retain highly skilled technical, managerial, marketing, and professional services personnel to ensure the high quality of products and services provided to its customers. The Company competes in the market for such personnel against numerous companies, including larger, more established companies with significantly greater financial resources than the Company. There can be no assurance that the Company will be successful in attracting and retaining skilled personnel. The Company's inability to attract and retain qualified employees would have a material adverse effect on the Company's business.

Intense Competition.

The software products industry is intensely competitive. The Company faces competition from several sources ranging from large ERP vendors, medium sized ERP vendors, industry specific vendors and best-of-breed vendors. These best-of-breed competitors have focused on certain market segments. These competitors all offer software products performing functions similar to the Company's products. The market space in which the Company competes is experiencing tremendous growth and this will invite new competitors. There can be no assurance that competitors do not have or will not offer or develop products that are superior to the Company's products or that achieve greater market acceptance. In addition, suppliers of database systems and companies that develop management information software applications for large multinational manufacturers have begun to target the Company's potential customers and offer applications that compete in its markets. As a result, competition (including pricing competition) may increase, which could result in price reductions and loss of market share. The Company may also face market resistance from potential customers within the large installed base of legacy systems, who may be reluctant to commit the time and resources necessary to convert to a web services, client-server or browser-based software product. As the client-server and/or browser-based computing market expands, a large number of companies, many with significantly greater resources than the Company, may enter the market or increase their market share by acquiring or entering into alliances with competitors of the Company. There can be no assurance that the Company will be able to compete successfully against its competitors or that the competitive pressures faced by the Company will not adversely affect its financial performance.

Rapid Technological Change and New Products.

The market for the Company's software products is characterized by rapid technological advances, evolving industry standards, change in end-user requirements, and frequent new product introductions and enhancements. The introduction of products embodying new technologies and the emergence of new industry standards could render the Company's existing products and products currently under development as obsolete and unmarketable. Accordingly, the Company's future success will depend

upon its ability to enhance its current products and develop and introduce new products that keep pace with technological developments, satisfy varying end-user requirements, and achieve market acceptance. Any failure by the Company to anticipate or respond adequately to technological developments or end-user requirements, or any significant delays in product development or introduction, could severely damage the Company's competitive position and have a material adverse effect on revenues. There can be no assurance that the Company will be successful in developing and marketing new products or product enhancements on a timely basis or that the Company

will not experience significant delays in the future which could have a material adverse effect on the Company's results of operations. In addition, there can be no assurance that new products or product enhancements developed by the Company will achieve market acceptance.

Dependence on a Single Product-Line.

Substantially all of the Company's revenues are expected to be derived from the sale of software products and related support services. Accordingly, any event that adversely affects revenue generated from the sale of software or from the professional fees derived from the installation of such products, such as competition from other products, significant flaws in the products, or incompatibility with third party hardware or software products, negative publicity or evaluation, or obsolescence of the hardware platforms or software environments in which the products run, could have a material adverse effect on the Company's results of operations. The Company's future financial performance will depend on the continued development and introduction of new and enhanced versions of its software and other products and on customer acceptance of such new enhanced products.

Fluctuation in Quarterly Operating Results.

The Company's revenues and operating results can vary substantially from quarter to quarter. Sales revenues in any quarter are substantially dependent on aggregate contracting activity and the Company's ability to recognize revenue in that quarter in accordance with its revenue recognition policies and generally accepted accounting principles. Revenues may vary from quarter to quarter due to variances in prior quarter contracting activity, which may positively or adversely affect the Company's future financial performance. The Company's sales cycle is relatively long and variable. The Company's ability to increase revenue is dependent on its ability to grow sales activity which provides opportunities for consulting, training and subsequent maintenance revenues. Additionally the Company may not be able to recruit, hire, and train sufficient numbers of qualified consultants to perform such services. Due to the forgoing, it is likely that in one or more future quarters the Company's operating results will be below the expectations of public securities market analysts. In such event, the price of the Company's Common Stock would likely be materially adversely affected.

Intellectual Property and Proprietary Rights.

The Company relies on a combination of copyright, trademark and trade secret laws, employee and third party nondisclosure agreements, and other industry standard methods for protecting ownership of its proprietary software and business practices. There can be no assurance, however, that in spite of these precautions, an unauthorized third party will not copy or reverse-engineer certain portions of the Company's products or obtain and use information that the Company regards as proprietary. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of the United States. There can be no assurance that the mechanisms used by the Company to protect its software will be adequate or that the Company's competition will not independently develop software products that are substantially equivalent or superior to the Company's software products. The Company expects that, as the number of software products in the industry increases and the functionality of these products further overlaps, software products will increasingly be subject to claims of infringement on third party proprietary rights. Any such claim, whether with or without merit, could result in costly litigation and require the Company to enter into royalty or licensing arrangements. Such royalty or license arrangements, if required, may not be available on terms acceptable to the Company or at all.

Need for Additional Capital

The Company will need to raise additional capital to finance its development and acquisition plans. The availability of financing for any plan will be critical to continue operations. Financing may not be available on terms that are favorable to us, or at all.

Future Sales of Common Stock

Our common stock is traded on the National Association of Securities Dealers OTC:Pink Sheets. Our common stock has historically been highly illiquid. Steven A. Flagg and Thomas B. Marsh, who serve on our Board of Directors, one of whom is President, in the aggregate owned approximately 69.2% of our common stock as of January 10, 2004. If either of these directors

were to sell even a small portion of their total shares in a short time, the market price of our common stock would likely decline dramatically. Further, sales of a substantial number of shares of our common stock by any holder in a short time would likely cause the market price of our common stock to decrease significantly. In addition, the sale of any of these shares may impair our future ability to raise capital through the sale of additional stock.

Inability to Influence the Outcome of Key Transactions

The two directors of the Company, one of whom is our President, in the aggregate owned approximately 69.2% of our common stock as of January 10, 2004. These two directors have enough voting power to approve or disapprove any matters that are determined by a majority vote of our stockholders, which severely limits your ability to influence PurchaseSoft through voting your shares.

Maintenance of a Public Trading Market for Shares of Our Common Stock

Although shares of our common stock are presently quoted on the OTC Pink Sheets, we cannot assure you that they will continue to be quoted in the future. During the period of the Company's wind down the Company lost its market makers and has declined to establish new market makers until full and substantial operations are underway through product sales or an acquisition. Furthermore, in contrast to stock that is quoted on the NASDAQ National Market or traded on a national securities exchange, as a result of our stock being quoted on the OTC Pink Sheets, stockholders may:

- Find it more difficult to obtain accurate and timely quotations regarding the bid and asked prices;
- Experience greater spreads between bid and asked prices;
- Be charged relatively higher transactional costs when buying or selling our common stock; and
- Encounter more difficulty in effecting sales or purchases of common stock.

Cost of Compliance with Securities Laws

While securities listed on the NASDAQ National Market System or national securities exchanges are in many cases exempt from the registration requirements of state securities laws, securities traded on the OTC Pink Sheets must comply with the registration requirements of state securities laws, which increases the time and costs associated with complying with state securities laws when raising capital. We cannot assure that this cost of compliance will not have a material adverse effect on the viability of the Company.

Liquidity Reduction due to "Penny Stock" Regulatory Requirements

The Securities and Exchange Commission has adopted regulations imposing limitations upon the manner in which certain low priced securities, referred to as a "penny stock," are publicly traded. Under these regulations, a penny stock is defined as any equity security that has a market price of less than \$5.00 per share, subject to specified exceptions. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with it. Also, under these regulations, some broker-dealers who recommend these types of securities to persons other than established customers and "accredited investors" must make a special written suitability determination for the purchaser and receive the purchaser's written agreement to a transaction prior to sale. Trading activities for penny stocks are more difficult for broker-dealers than in the case of securities not defined as penny stocks. Because our common stock may be a penny stock this may have the result of depressing the market for our securities, and a stockholder may find it difficult to sell shares of our common stock.

ITEM 3: CONTROLS AND PROCEDURES

Within the 90 days prior to the filing of this report, we carried out an evaluation, under the supervision and with the participation of our President and Secretary/Treasurer, of the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based on this evaluation, our President and Secretary/Treasurer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports.

There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date of our most recent evaluation.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

None.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits
 - 1. 10.27 Note Payable – Steve Flagg
 - 2. 10.28 Warrant- Steve Flagg
 - 3. 10.29 Note Payable – Frank Redican
 - 4. 10.30 Warrant- Frank Redican
 - 5. 10.31 Note Payable – Brian Tauber
 - 6. 10.32 Warrant- Brian Tauber
 - 7. 10.33 Note Payable – Louis Blatt
 - 8. 10.34 Warrant- Louis Blatt
 - 9. 10.35 Cornerstone Business Development Agreement
 - 10. 10.36 USMCOC Strategic Partnership Agreement
 - 11. 10.37 Warrant – Virgil Horton
 - 12. 10.38 Warrant – Al Zapanta
 - 13. 10.39 Warrant – John Zuch
 - 14. 10.40 Warrant – Joseph Lopez
 - 15. 31.1 Certifications of the President & CEO
 - 16. 31.2 Certifications of the Secretary/Treasurer & CFO
 - 17. 32.1 Written statement of the CEO pursuant to 18 SSC Section 1350
 - 18. 32.2 Written statement of the CFO pursuant to 18 SSC Section 1350
- (b) Reports on Form 8-K
 - 1. None.

SIGNATURES

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

PurchaseSoft, Inc.
(Issuer)

Date: January 14, 2004

/s/ Steven A. Flagg

Steven A. Flagg
President and Acting CEO

Date: January 14, 2004

/s/ Thomas B. Marsh

Thomas B. Marsh
Secretary, Treasurer and Acting CFO

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on January 14, 2004.

<u>Signature</u>	<u>Title</u>
<u>/s/ Steven A. Flagg</u> Steven A. Flagg	Director
<u>/s/ Thomas B. Marsh</u> Thomas B. Marsh	Director

DEMAND PROMISSORY NOTE

\$25,000

October 16, 2003

FOR VALUE RECEIVED, PURCHASESOFT, INC, a Delaware corporation (“Borrower”), promises to pay to the order of **Steven A. Flagg**, an individual resident of the State of California (“Lender”), at such place as the holder hereof may designate, in lawful money of the United States of America, the principal sum of Twenty-five Thousand Dollars (\$25,000), plus interest as hereinafter provided, on demand. This Note shall be due and payable 180 days from the date hereof. This Note shall bear interest on the unpaid principal amount hereof at the rate of 6% per annum; provided that interest shall accrue at the rate of 8% per annum on any principal or accrued interest that is not paid within five days of written demand, from the date of such demand until the date of payment.

Borrower waives presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, any and all other notices and demands in connection with the delivery, acceptance, performance, default or enforcement of this Note. No delay by the holder hereof in exercising any power or right in respect of this Note shall operate as a waiver of such or any other power or right.

Borrower may at any time prepay in whole or in part, from time to time, the outstanding principal amount of this Note, together with accrued interest to date of payment on the principal amount so prepaid.

Borrower shall pay the holder hereof all costs and expenses of collection of this Note, including without limitation reasonable attorneys' fees.

This Note shall be deemed to be made under and shall be construed in accordance with and governed by the laws of the State of California.

PURCHASESOFT, INC.

By /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

EXHIBIT 10.28

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

October 16, 2003

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after April 15st, 2004

This Warrant (the "Warrant") entitles **Steven A. Flagg** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **October 16, 2003 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **April 15st, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **75,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

- 1. Warrant Exercise Price.** This Warrant shall be exercisable at **\$0.01 per share**, subject to adjustment as set forth herein (the "Exercise Price").
- 2. Exercise of Warrant.** Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable

hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.

3. Payment of Exercise Price. The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.

4. Net Issue Exercise. Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to

the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the

“Adjustment Threshold Amount”). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for

a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a "accredited investor" (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities ("Other Securities") received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of October 16, 2003.

HOLDER

PURCHASESOFT, INC.

By: /s/ Steven A. Flagg
Steven A. Flagg

By: /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

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EXHIBIT 10.29

DEMAND PROMISSORY NOTE

\$25,000

October 17, 2003

FOR VALUE RECEIVED, PURCHASESOFT, INC, a Delaware corporation (“Borrower”), promises to pay to the order of **Frank Redican**, an individual resident of the State of New York (“Lender”), at such place as the holder hereof may designate, in lawful money of the United States of America, the principal sum of Twenty-five Thousand Dollars (\$25,000), plus interest as hereinafter provided, on demand. This Note shall be due and payable 180 days from the date hereof. This Note shall bear interest on the unpaid principal amount hereof at the rate of 6% per annum; provided that interest shall accrue at the rate of 8% per annum on any principal or accrued interest that is not paid within five days of written demand, from the date of such demand until the date of payment.

Borrower waives presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, any and all other notices and demands in connection with the delivery, acceptance, performance, default or enforcement of this Note. No delay by the holder hereof in exercising any power or right in respect of this Note shall operate as a waiver of such or any other power or right.

Borrower may at any time prepay in whole or in part, from time to time, the outstanding principal amount of this Note, together with accrued interest to date of payment on the principal amount so prepaid.

Borrower shall pay the holder hereof all costs and expenses of collection of this Note, including without limitation reasonable attorneys’ fees.

This Note shall be deemed to be made under and shall be construed in accordance with and governed by the laws of the State of California.

PURCHASESOFT, INC.

By /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

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EXHIBIT 10.30

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after April 16th, 2004

This Warrant (the "Warrant") entitles **Frank Redican** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **October 17th, 2003 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **April 16th, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **75,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

- 1. Warrant Exercise Price.** This Warrant shall be exercisable at **\$0.01 per share**, subject to adjustment as set forth herein (the "Exercise Price").
- 2. Exercise of Warrant.** Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.
- 3. Payment of Exercise Price.** The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.
- 4. Net Issue Exercise.** Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.
Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being

exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other

than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the

Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the

Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of

such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be

made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the "Adjustment Threshold Amount"). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the

basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any

exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of October 16, 2003.

HOLDER

PURCHASESOFT, INC.

By: /s/ Frank Redican
Frank Redican

By: /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

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EXHIBIT 10.31

DEMAND PROMISSORY NOTE

\$60,000

December 14, 2003

FOR VALUE RECEIVED, PURCHASESOFT, INC, a Delaware corporation (“Borrower”), promises to pay to the order of Brian Tauber, an individual resident of the State of California (“Lender”), at such place as the holder hereof may designate, in lawful money of the United States of America, the principal sum of Sixty Thousand Dollars (\$60,000), plus interest as hereinafter provided, on demand. This Note shall be due and payable 180 days from the date hereof. This Note shall bear interest on the unpaid principal amount hereof at the rate of 6% per annum; provided that interest shall accrue at the rate of 8% per annum on any principal or accrued interest that is not paid within five days of written demand, from the date of such demand until the date of payment. This Note supercedes all previous notes and amounts due Holder, including but not limited to the Note Payable dated July 14, 2003.

Borrower waives presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, any and all other notices and demands in connection with the delivery, acceptance, performance, default or enforcement of this Note. No delay by the holder hereof in exercising any power or right in respect of this Note shall operate as a waiver of such or any other power or right.

Borrower may at any time prepay in whole or in part, from time to time, the outstanding principal amount of this Note, together with accrued interest to date of payment on the principal amount so prepaid.

Borrower shall pay the holder hereof all costs and expenses of collection of this Note, including without limitation reasonable attorneys’ fees.

This Note shall be deemed to be made under and shall be construed in accordance with and governed by the laws of the State of California.

PURCHASESOFT, INC.

By /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

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EXHIBIT 10.32

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE,

MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

December 14th, 2003

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after June 30th , 2004

This Warrant (the "Warrant") entitles **Brian Tauber** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **January 1st, 2004 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **June 30th, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **180,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

- 1. Warrant Exercise Price.** This Warrant shall be exercisable at **\$0.01 per share**, subject to adjustment as set forth herein (the "Exercise Price").
- 2. Exercise of Warrant.** Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.
- 3. Payment of Exercise Price.** The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.
- 4. Net Issue Exercise.** Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to

the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company

upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the

“Adjustment Threshold Amount”). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for

a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 14th, 2003.

HOLDER

PURCHASESOFT, INC.

By: /s/ Brian Tauber
 Brian Tauber

By: /s/ Thomas B. Marsh
 Thomas B. Marsh
 Secretary and Treasurer

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EXHIBIT 10.33

DEMAND PROMISSORY NOTE

\$15,000

December 22, 2003

FOR VALUE RECEIVED, PURCHASESOFT, INC, a Delaware corporation (“Borrower”), promises to pay to the order of **Louis Blatt**, an individual resident of the State of Massachusetts (“Lender”), at such place as the holder hereof may designate, in lawful money of the United States of America, the principal sum of Fifteen Thousand Dollars (\$15,000), plus interest as hereinafter provided, on demand. This Note shall be due and payable 180 days from the date hereof. This Note shall bear interest on the unpaid principal amount hereof at the rate of 6% per annum; provided that interest shall accrue at the rate of 8% per annum on any principal or accrued interest that is not paid within five days of written demand, from the date of such demand until the date of payment.

Borrower waives presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, any and all other notices and demands in connection with the delivery, acceptance, performance, default or enforcement of this Note. No delay by the holder hereof in exercising any power or right in respect of this Note shall operate as a waiver of such or any other power or right.

Borrower may at any time prepay in whole or in part, from time to time, the outstanding principal amount of this Note, together with accrued interest to date of payment on the principal amount so prepaid.

Borrower shall pay the holder hereof all costs and expenses of collection of this Note, including without limitation reasonable attorneys’ fees.

This Note shall be deemed to be made under and shall be construed in accordance with and governed by the laws of the State of California.

PURCHASESOFT, INC.

By /s/ Thomas B. Marsh
 Thomas B. Marsh
 Secretary and Treasurer

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EXHIBIT 10.34

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

December 22nd, 2003

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after June 23th, 2004

This Warrant (the "Warrant") entitles **Louis Blatt** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **December 22nd, 2003 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **June 23th, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **45,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

- 1. Warrant Exercise Price.** This Warrant shall be exercisable at **\$0.01 per share**, subject to adjustment as set forth herein (the "Exercise Price").
- 2. Exercise of Warrant.** Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.
- 3. Payment of Exercise Price.** The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.
- 4. Net Issue Exercise.** Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.
Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being

exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other

than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion

or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the

Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of

such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be

made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the "Adjustment Threshold Amount"). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the

basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any

exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a "accredited investor" (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities ("Other Securities") received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 22, 2003.

HOLDER

PURCHASESOFT, INC.

STRATEGIC PARTNERSHIP AGREEMENT

The following describes the companies, duties and responsibilities of the Strategic Partnership between PurchaseSoft Inc, The United States Mexico Chamber of Commerce (USMCOC) and Cornerstone Communications, LLC.

Upon execution of this agreement by all parties, each shall work diligently to ensure overall approval for the “Wiring the Border” project. Each party shall individually and collectively acknowledge their duties and responsibilities to the project and their respective commitments thereto, as outlined below. Each executive agrees to make himself reasonably available for interviews and meetings regarding the aspects of the project which pertain to his company’s duties and responsibilities.

Upon project funding and based upon the current business model for the e-Marketplace, a revenue sharing agreement for the sharing of ongoing revenues from the e-Marketplace will be developed. The revenue sharing agreement will be drafted and executed by all parties within 30 days of project funding. This revenue sharing agreement would be considered an attachment to this Strategic Partnership Agreement.

Definitions

1. PurchaseSoft, Inc.

PurchaseSoft, Inc., a Delaware corporation, is a software company, which has specialized in procurement software and has been in operation for 24 years.

2. USMCOC

A group of distinguished Mexican and U.S. businessmen established the United States-Mexico Chamber of Commerce (USMCOC) in 1973 as a 501 (c) (6) non-profit business association chartered in Washington D.C. The coalition of businessmen created a bilateral organization to promote trade, investment, and joint ventures on both sides of the border. Now in its third decade of operation, the Chamber has grown into a unique non-profit corporation operating through 12 offices in Mexico and the United States. All chapters and offices, with strong local membership and international contacts, help businesses bridge differences in legal, regulatory and economic systems, as well as language and culture.

3. Cornerstone Communications, LLC

Cornerstone Communications is a business development organization. The partners that comprise Cornerstone bring domain knowledge in the areas of print/graphic arts, financial services, and government among others and have acted in senior advisory roles and leadership positions for various corporations and agencies. Additionally, each of these individuals has acquired and maintained valuable business relationships during the normal course of business, including deep corporate and governmental relationships in Mexico and Latin America. Cornerstone’s objective is to create value for its clients by leveraging these capabilities in an advisory and business development role. Cornerstone is currently under contract with the U.S. – Mexican Chamber of Commerce.

Duties and Responsibilities

1. PurchaseSoft, Inc.

PurchaseSoft’s duties and responsibilities will be primarily that of a “Solutions/Technology” provider. Contingent upon securing at least \$24,000 in funding for the project (“Project Funding”), PurchaseSoft will provide their products and product knowledge, free of charge, to create an e-marketplace environment for the Partnership. The products utilized will be V3, and/or Source Smart if required, as update or improved from time to time. Contingent upon Project Funding, PurchaseSoft will be first to recoup expenses associated with this project at \$24,000.00 for the expense of the support and maintenance of V3 and/or Source Smart software, as outlined in **Attachment A – PurchaseSoft, Inc. Software Maintenance Agreement**.

2. USMCOC

The USMCOC will essentially provide the membership community for the e-marketplace environment. USMCOC will promote and diligently facilitate usage of the marketplace among its membership and other affiliate organizations.

3. Cornerstone Communications, LLC

Cornerstone Communications will facilitate communications and manage the overall relationship between PurchaseSoft and the USMCOC. This project includes but is not limited to the e-marketplace which PurchaseSoft, USMCOC, and Cornerstone will create. Cornerstone will provide business development and marketing expertise to diligently promote the "Wiring the Border" project through activities that may include developing and managing seminars, mailings, and additional promotional activities to be paid for and supported by the Chamber and/or PurchaseSoft as agreed to from time to time.

Agreed and accepted by;

Cornerstone Communications, LLC

By: /s/ Virgil K. Horton Jr.
Title: Chairman, President, CEO
Date: 12/01/2003

PurchaseSoft, Inc.

By: /s/ Steven A. Flagg
Title: President & CEO
Date: 11/20/2003

USMCOC

By: /s/ Al Zapanta
Title: President & CEO
Date: 12/02/2003

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

December 1st, 2003

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after May 31st , 2004

This Warrant (the "Warrant") entitles **Virgil Horton** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **December 1st, 2003 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **May 31st, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **100,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

1. Warrant Exercise Price. This Warrant shall be exercisable at **\$0.02 per share**, subject to adjustment as set forth herein (the "Exercise Price").

2. Exercise of Warrant. Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.

3. Payment of Exercise Price. The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.

4. Net Issue Exercise. Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being

exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other

than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) "Additional Shares of Stock" shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the "Plans") approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion

or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the

Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of

such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be

made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the "Adjustment Threshold Amount"). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the

basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any

exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 1st, 2003.

HOLDER

PURCHASESOFT, INC.

Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being

exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other

than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the

Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the

Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of

such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be

made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the "Adjustment Threshold Amount"). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the

basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any

exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 1st, 2003.

HOLDER

PURCHASESOFT, INC.

By: /s/ Al Zapanta
Al Zapanta

By: /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

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EXHIBIT 10.39

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, MORTGAGED, PLEDGED HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO PURCHASESOFT, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

December 1st, 2003

PURCHASESOFT, INC.

COMMON STOCK PURCHASE WARRANT

Void after May 31st , 2004

This Warrant (the "Warrant") entitles **John Zuch** (the "Holder"), for value received, to purchase from **PURCHASESOFT, INC.**, a Delaware corporation (the "Company"), at any time during the period starting from **December 1st, 2003 (the "Commencement Date")**, to 5:00 p.m., Delaware time, on **May 31st, 2004 (the "Expiration Date")**, at which time this Warrant shall expire and become void, **100,000 shares** of the Company's common stock, \$0.01 par value per share (the "Stock"), subject to adjustment as set forth herein (the "Warrant Shares"). This Warrant shall be exercisable at the price per share as determined in Section 1 hereof, subject to adjustment as set forth herein (the "Exercise Price"). This Warrant also is subject to the following terms and conditions:

- 1. Warrant Exercise Price.** This Warrant shall be exercisable at **\$0.02 per share**, subject to adjustment as set forth herein (the "Exercise Price").
- 2. Exercise of Warrant.** Subject to the terms and conditions hereof, this Warrant may be exercised in whole or in part at any time from and after the Commencement Date and before the Expiration Date. Exercise shall be by presentation and surrender to the Company at its principal office of this Warrant and the subscription form annexed hereto, executed by the Holder, together with payment to the Company in accordance with Section 3 or 4 hereof in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise. It shall be a condition precedent to the exercise of this Warrant, in whole or in part, that the Holder shall deliver to the Company a certificate certifying that the representations set forth in Section 10 hereof are true and correct as of the date of such exercise. If this Warrant is exercised in part only, the Company shall, as soon as practicable after presentation of this Warrant upon such exercise, execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions herein set forth. Upon and as of receipt by the Company of such properly completed and duly executed purchase form accompanied by payment as herein provided, the Holder shall be deemed to be the Holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then actually be delivered to the Holder.
- 3. Payment of Exercise Price.** The Exercise Price for the Warrant Shares being purchased may be paid in cash, by check or wire transfer.
- 4. Net Issue Exercise.** Notwithstanding any provision other than Section 2.2 to the contrary, in lieu of exercising this Warrant for cash or cancellation of indebtedness, the Holder may elect by the surrender of this Warrant, or a portion of this

Warrant, to the Company at the principal office of the Company, with the net issue exercise notice annexed hereto duly executed, to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to

the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company

upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the

“Adjustment Threshold Amount”). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for

a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 1st, 2003.

HOLDER

PURCHASESOFT, INC.

to receive, without the payment by the Holder of any additional consideration, such number of fully paid and nonassessable Warrant Shares as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of Warrant Shares to be issued to the Holder pursuant to this Section 4.
Y = the number of shares of Stock covered by this Warrant or, if only a portion of the Warrant is being exercised, the number of shares of Stock for which the Warrant is then being exercised pursuant to

the net issue exercise election made pursuant to this Section 4 (at the date of such calculation).

A = the fair market value of one share of Stock (at the date of such calculation).

B = the Exercise Price in effect under this Warrant at the time the net issue exercise election is made pursuant to this Section 4.

For the purposes of this Section 4, the fair market value of one share of Stock as of a particular date (the "Determination Date") shall be determined by the Company's Board of Directors in good faith; provided, however, that (i) if, as of the Determination Date, there has been a public market for the Stock for at least 11 trading days, the fair market value per share shall be the average of the closing prices (or bid prices if there are no such closing prices) of the Stock quoted in the over-the-counter market summary or the closing price quoted on the Nasdaq National Market or on the primary national securities exchange on which the Stock is then listed, whichever is applicable, as published in the New York City Edition of the Wall Street Journal (or, if not so reported, as otherwise reported by the Nasdaq National Market) for the 10 trading days prior to the Determination Date; and (ii) if the Determination Date is the date on which the Stock is first sold by the Company in a firm commitment public offering under the Securities Act of 1933, as amended (the "Act"), or if there has been a public market for the Stock for fewer than 11 trading days, the fair market value shall be the initial public offering price (before deducting commissions, discounts or expenses).

5. Adjustment of Exercise Price. The Exercise Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

5.1. Subdivision or Combination of Stock. If at any time or from time to time after the Commencement Date, the Company shall subdivide its outstanding shares of Stock, the Exercise Price in effect immediately prior to such subdivision shall be reduced proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be increased proportionately, and conversely, in the event the outstanding shares of Stock shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be increased proportionately and the number of Warrant Shares (calculated to the nearest whole share) shall be decreased proportionately.

5.2 Adjustment for Stock Dividends. If at any time after the Commencement Date the Company shall declare a dividend or make any other distribution upon any class or series of stock of the Company payable in shares of Stock or securities convertible into shares of Stock, the Exercise Price and the number of shares to be obtained upon exercise of this Warrant shall be adjusted proportionately to reflect the issuance of any shares of Stock or convertible securities, as the case may be, issuable in payment of such dividend or distribution.

5.3 Reorganization, Reclassification, Consolidation, Merger or Sale. In the event of any reorganization of the capital stock of the Company, a consolidation or merger of the Company with another corporation (other than a merger in which the Company is the surviving corporation), the sale of all or substantially all of the Company's assets or any transaction involving the transfer of a majority of the voting power over the capital stock of the Company effected in a manner such that holders of Stock shall be entitled to receive stock, securities, or other assets or property, in each case, at any time after the Commencement Date, then, as a condition of such reorganization, reclassification, consolidation, merger, sale or transaction, lawful and adequate provision shall be made whereby the Holder hereof shall have the right to purchase and receive (in lieu of the shares of the Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Stock equal to the number of shares of such Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such reorganization, consolidation, merger, sale or transaction, including successive events of such nature, appropriate provision shall be made with respect to the rights and interests of the Holder such that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) thereafter shall be applicable, as nearly practicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

5.4 Issuance of Additional Shares. The Exercise Price shall be subject to adjustment upon the issuance of Stock or Convertible Securities so long as any Warrant is then issued and outstanding.

(a) **Special Definitions.** For purposes of this Section 5.4, the following definitions shall apply:

(1) “Option” shall mean contractual rights, options or warrants to subscribe for, purchase or otherwise acquire either Stock or Convertible Securities.

(2) “Convertible Securities” shall mean any evidences of indebtedness, shares (other than Stock and Options) or other securities directly or indirectly convertible into or exchangeable for Stock.

(3) “Additional Shares of Stock” shall mean all shares of Stock issued (or, pursuant to Section 5.4(c), deemed to be issued) by the Company after the Commencement Date, other than shares of Stock issued or issuable:

(i) pursuant to Options or Convertible Securities outstanding on the Commencement Date;

(ii) to directors, officers or employees of, or consultants to, the Corporation pursuant to a stock grant or option plan or other employee stock incentive program (collectively, the “Plans”) approved by the Board of Directors, subject to adjustment for all subdivisions and combinations;

(iii) as a dividend or distribution on the Warrant or any event for which adjustment is made pursuant to Section 5 hereof; or

(iv) by way of dividend or other distribution on shares excluded from the definition of Additional Shares of Stock by the foregoing clauses (i), (ii) or (iii) or this clause (iv) or on shares of Stock so excluded.

(b) **No Adjustment of Exercise Price.** No adjustment of the Exercise Price shall be made in respect of the issuance of Additional Shares of Stock unless the consideration per share for an Additional Share of Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Shares of Stock.

(c) **Issuance of Securities Deemed to be an Issuance of Additional Shares of Stock.**

(1) **Options and Convertible Securities.** In the event the Company at any time or from time to time after the Commencement Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Stock are deemed to be issued:

(i) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company or in the number of shares of Stock issuable upon the exercise, conversion or exchange thereof, the applicable Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities.

(2) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Stock, the only Additional Shares of Stock issued were the shares of Stock, if any, actually issued upon the exercise of such Options or conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company

upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Stock actually deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised.

(3) No readjustment pursuant to clause (2) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (x) such Exercise Price on the original adjustment date, or (y) such Exercise Price that would have resulted from any issuance of Additional Shares of Stock between the original adjustment date and such readjustment date.

(4) In the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options; provided, however, that this clause (4) shall not apply to Options that are issued within 30 days of a transaction described under Section 5.4(c)(1) or (2) hereof.

(d) **Adjustment of Exercise Price Upon Issuance of Additional Shares of Stock.** In the event the Company shall issue Additional Shares of Stock (including Additional Shares of Stock deemed to be issued pursuant to Section 5.4(c)) without consideration or for a consideration per share less than the Exercise Price, then and in such event, such Exercise Price, shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(1) the numerator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of shares of Stock which the net aggregate consideration, if any, received by the Company for the total number of such Additional Shares of Stock so issued would purchase at the Exercise Price in effect immediately prior to such issuance, and

(2) the denominator of which shall be (i) the number of shares of Stock outstanding immediately prior to the issuance of such Additional Shares of Stock (calculated on a fully diluted basis assuming the exercise or conversion of all Options or Convertible Securities which are exercisable or convertible at the time such calculation is being made), plus (ii) the number of such Additional Shares of Stock so issued.

(e) **Determination of Consideration.** For purposes of this Section 5.4, the consideration received by the Company for the issue of any Additional Shares of Stock shall be computed as follows:

(1) **Cash and Property.** Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(2) **Options and Convertible Securities.** The consideration per share received by the Company for Additional Shares of Stock deemed to have been issued pursuant to Section 5.4(c)(1), relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

5.5 Minimal Adjustments. No adjustment in the Exercise Price subject to this Warrant shall be made if such adjustment would result in a change in the number of shares represented by this Warrant of less than one share (the

“Adjustment Threshold Amount”). Any adjustment not made because the Adjustment Threshold Amount is not satisfied shall be carried forward and made, together with any subsequent adjustments, at such time as (a) the aggregate amount of all such adjustments is equal to at least the Adjustment Threshold Amount or (b) the Warrant is exercised.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Warrant shall, without any action on the part of the holder thereof, be adjusted in accordance with this Section 5, and the Company promptly shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

6. Notices of Record Date. Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to the Holder at least 10 days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, distribution, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Stock (or other securities at that time receivable upon exercise of the Warrant) shall be entitled to exchange their shares of Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

7. No Dilution or Impairment. The Company will not, by amendment of its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Holder against dilution, or other impairment.

8. Fractional Shares. The Company shall not issue any fractional shares nor scrip representing fractional shares upon exercise of any portion of this Warrant.

9. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

9.1 Authority. The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

9.2 Reservation of Warrant Shares. The Warrant Shares issuable upon the exercise of this Warrant have been (and any securities issuable or deliverable upon conversion of such Warrant Shares, upon issuance or delivery, will be) duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

10. Investment Representations.

10.1 Purchase for Investment. The Holder represents and warrants that it is acquiring the Warrant, and upon exercise will hold the Warrant Shares, solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

10.2 Securities Not Registered. The Holder understands that the Warrant has not been registered under the Act on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, it has in mind merely acquiring the securities for

a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Holder has no such intention.

10.3 Securities to be Held Indefinitely. The Holder recognizes that the Warrant and Warrant Shares being acquired by it must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or to comply with any exemption from such registration.

10.4 Rule 144. The Holder is aware that neither the Warrant nor Warrant Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met and until the Holder has held the Warrant Shares for at least one year. Among the conditions for use of the Rule is the availability of current information to the public about the Company.

10.5 Accredited Investor. The Holder represents and warrants that it is a “accredited investor” (as such term is defined in Regulation D of the Securities Act of 1933, as amended) and understands the risks associated with an investment in the Company.

11. Transfer, Exchange, Assignment or Loss of Warrant.

11.1 Restrictions on Transfer. This Warrant may be transferred, in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities (“Other Securities”) received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Act, unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant, the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel (which counsel and which opinion shall be satisfactory to the Company), the Warrant, the Warrant Shares or Other Securities may be transferred without such registration.

11.2 Procedure for Transfer. Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be canceled.

11.3 Lost, Stolen or Destroyed Warrant. Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, and any such lost, stolen or destroyed Warrant thereupon shall become void.

11.4 Warrant Binding Upon Assignee or Successor. The terms and conditions of this Warrant shall be binding upon any permitted assignee and successor of the Holder. Any such successor or assignee shall be obligated to and shall immediately execute an instrument which provides that such party is bound under the terms of this Warrant. Any transfer, assignment or other disposition without such execution by the proposed transferee, assignee or successor shall be null and void.

12. Issue Tax. The issuance of certificates for shares of Stock upon the exercise of this Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the parties hereto.

14. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, as such laws are applied to contracts entered into and wholly to be performed within the State of California and without giving effect to any principles of conflicts or choice of law that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, the Company and Holder have executed this Warrant as of December 1st, 2003.

HOLDER

PURCHASESOFT, INC.

By: /s/ Joe Lopez
Joe Lopez

By: /s/ Thomas B. Marsh
Thomas B. Marsh
Secretary and Treasurer

CERTIFICATIONS

I, Steven A. Flagg, certify that;

1. I have reviewed this quarterly report on Form 10-QSB of PurchaseSoft, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a. Designed such disclosure controls and procedures to ensure that material information relating to her registrant, including its consolidated subsidiaries, is make known to us by others within those entities particularly during the period in which this quarterly report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a dated within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies in the design or operation of internal controls which cold adversely affect the registrants' ability to record, process, summarized and report financial data and have identified for the registrants auditors any material weaknesses in internal controls: and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls: and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not their were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 14, 2004

/s/ Steven A. Flagg

Steven A. Flagg

CERTIFICATIONS

I, Thomas B. Marsh, certify that;

1. I have reviewed this quarterly report on Form 10-QSB of PurchaseSoft, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a. Designed such disclosure controls and procedures to ensure that material information relating to her registrant, including its consolidated subsidiaries, is make known to us by others within those entities particularly during the period in which this quarterly report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a dated within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies in the design or operation of internal controls which cold adversely affect the registrants' ability to record, process, summarized and report financial data and have identified for the registrants auditors any material weaknesses in internal controls: and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls: and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not their were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 14, 2004

/s/ Thomas B. Marsh

Thomas B. Marsh
Secretary, Treasurer and Director

WRITTEN STATEMENT OF THE CEO PURSUANT TO 18 S.S.C. SECTION 1350**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES -OXLEY ACT OF 2002**

In connection with the Quarterly Report of PurchaseSoft, Inc. (the "Company") on Form 10-QSB for the period ending November 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven A. Flagg, President of the Company, certify, solely for the purposes of complying with 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of November 30, 2003 and for the periods then ended.

/s/ Steven A. Flagg

Steven A. Flagg, President and Acting CEO
Dated January 14, 2004

WRITTEN STATEMENT OF THE CFO PURSUANT TO 18 S.S.C. SECTION 1350**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES -OXLEY ACT OF 2002**

In connection with the Quarterly Report of PurchaseSoft, Inc. (the "Company") on Form 10-QSB for the period ending November 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas B. Marsh, Secretary and Treasurer of the Company, certify, solely for the purposes of complying with 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of November 30, 2003 and for the periods then ended.

/s/ Thomas B. Marsh

Thomas B. Marsh, Secretary, Treasurer and Acting

CFO
Dated January 14, 2004