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ARTICLES OF AMENDMENT
OF
AVALARA, INC.

Pursuant to RCW 23B.10.060 of the Washington Business Corporation Act (the "Act"), the undersigned corporation hereby submits the following amendment to the corporation's Eighth Amended and Restated Articles of Incorporation.

1. The name of the corporation is Avalara, Inc.
2. Effective upon the filing of these Articles of Amendment with the Secretary of State of the State of Washington, a new series of preferred stock is hereby established and designated as Series B-1 Preferred Stock (the "Series B-1 Preferred"), and the preferences, limitations and relative rights of such Series B-1 Preferred shall be as set forth on Exhibit A attached hereto.
3. The date of adoption of such amendment was November 2, 2010.
4. The amendment was duly adopted by the board of directors pursuant to the authority expressly granted to and vested in the board of directors by Section 2.2 of Article 2 of the corporation's Eighth Amended and Restated Articles of Incorporation; shareholder approval was not required pursuant to the provisions of RCW 23B.06.020 and 23B.10.020 of the Act.
5. These Articles of Amendment will be effective upon filing.

DATED: November 5, 2010.

AVALARA, INC.

By: 

Scott Meyerians, President & CEO

EXHIBIT A

AVALARA, INC.

DESIGNATION OF RELATIVE RIGHTS AND PREFERENCES OF THE SERIES B-1 PREFERRED STOCK

2.3A Series B Preferred Stock Amount; Series B-1 Preferred Stock Designation and Amount. The series of Preferred Stock designated "Series B Preferred Stock" is hereby reduced and shall now consist of 6,500,000 shares. There is hereby designated a series of Preferred Stock to be known as Series B-1 Preferred Stock (the "Series B-1 Preferred Stock"), consisting of 6,800,000 shares having the following powers, preferences, privileges and relative rights (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Eighth Amended and Restated Articles of Incorporation (the "Articles")):

2.3.A.1 Voting Rights.

(a) General. The holders of the Series B-1 Preferred Stock shall be entitled to notice of all shareholder meetings in accordance with the Company's bylaws, and, in addition to any circumstances in which the holders of the Series B-1 Preferred Stock shall be entitled to vote as a separate class under the Act or these Amended Articles, the holders of the Series B-1 Preferred Stock shall be entitled to vote on all matters (including the election of directors) submitted to the shareholders for a vote together with the holders of the Common Stock, voting together as a single class, with each share of Common Stock entitled to one vote per share and each share of Series B-1 Preferred Stock entitled to a number of votes (including fractions thereof) equal to the number of shares of Common Stock (including fractions thereof) issuable upon conversion of the Series B-1 Preferred Stock as of the record date for such vote (or, if no record date is fixed, the date of such vote).

(b) Special Voting Rights of the Holders of Series B-1 Preferred Stock. The Company shall not, either directly or by amendment, merger, consolidation or otherwise, take any of the following actions, without first obtaining the approval (by written consent or affirmative vote, as provided by law) of the holders of a majority of the then-outstanding shares of Series B-1 Preferred Stock, voting as a single class, given in writing or by affirmative vote (as the case may be):

(1) Amend, alter or repeal the rights, preferences or privileges of the Series B-1 Preferred Stock so as to materially and adversely affect the shares of Series B-1 Preferred Stock;

(2) Increase the total number of authorized shares of Series B-1 Preferred Stock;

(3) Redeem, purchase or otherwise reacquire for value (or pay into or set funds aside for a sinking fund for such purpose) any shares of the Company's capital stock (other than redemption of shares of Series Preferred Stock as provided in the Articles); provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from

employees, officers, directors, consultants or other Persons performing services for the Company or any Subsidiary pursuant to agreements under which the Company has the option to repurchase such shares at cost or at the lower of cost or fair market value upon the occurrence of certain events (such as the termination of employment, or through the exercise of any right of first refusal);

(4) Authorize or issue, or obligate itself to issue, any other equity security, including any security convertible into or exercisable for any equity security, in either case having redemption rights senior to the Series B-1 Preferred Stock with respect to (i) the priority of payment of any such redemption(s) or (ii) the date on which such redemption may first occur;

(5) Amend or alter the Company's Articles so as to eliminate the separate class vote of the holders of Series B-1 Preferred Stock set forth in this Section 2.3.A.1(b);

(6) Authorize or issue, or obligate itself to issue, any other equity security, including any security convertible into or exercisable for any equity security, in either case having a preference senior to the Series B-1 Preferred Stock with respect to voting, dividends, conversion rights, redemption or liquidation if such senior preference (i) is discriminatory with respect to the seniority of the Series B-1 Preferred Stock vis-à-vis one or more other series of Series Preferred Stock and (ii) results in a less advantageous priority position of the Series B-1 Preferred Stock relative to the priority position of the other series of Series Preferred Stock in respect of the new security, without first obtaining the approval of the holders of a majority of those then-outstanding shares of Series B-1 Preferred Stock, voting together as a single class; or

(7) Amend or alter the Company's Articles or bylaws so as to materially and adversely alter or change the rights, preferences or privileges of the holders of shares of Series B-1 Preferred Stock.

2.3.A.2 Dividends. The Company shall not declare or pay or set apart any dividend on shares of Common Stock (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Company) unless the Company shall first declare and pay, or set apart for payment to, the holders of Series B-1 Preferred Stock (a) any previously declared but unpaid dividends due on the Series B-1 Preferred Stock and (b) the dividends which would have been declared and paid or set apart with respect to the Common Stock issuable upon conversion of the shares of Series B-1 Preferred Stock had all of the outstanding shares of Series B-1 Preferred Stock been converted immediately prior to the record date for such dividend, or if no record date is fixed, the date as of which the record holders of Common Stock entitled to such dividends are to be determined.

2.3.A.3 Liquidation Preference.

(a) Preferential Amounts. In the event of any Liquidation Transaction, the holders of shares of Series B-1 Preferred Stock then outstanding shall be entitled to receive, by

reason of their ownership thereof, prior and in preference to any distribution of the assets of the Company to the holders of the Common Stock or any other series of Preferred Stock that ranks junior in liquidation to the Series B-1 Preferred Stock, on a *pari passu* basis with the other holders of Series Preferred Stock, an amount per share of Series B-1 Preferred Stock equal to (1) the Series B-1 Liquidation Value plus (2) all declared and unpaid dividends on such share of Series B-1 Preferred Stock, if any. If the amount of cash, securities or other property which a holder of any shares of Series B-1 Preferred Stock would have been entitled to receive with respect to such shares if they had been converted to Common Stock immediately prior to such Liquidation Transaction of the Company, and had therefore become entitled to participate as shares of Common Stock in distributions pursuant to Section 2.3.3(b) of the Articles, would be greater than the applicable preferential amount for such shares as set forth above in this Section 2.3.A.3(a), then such shares will automatically be entitled to such greater amount of preferential distributions that would have been payable upon conversion under this Section 2.3.A.3(a). If, upon any such Liquidation Transaction of the Company, the assets and funds available for distribution to the holders of Series Preferred Stock shall be insufficient to permit payment to such holders of the full preferential amounts described in this Section 2.3.A.3(a) and Section 2.3.3(a) of the Articles, then the entire amount of assets and funds available for distribution shall be distributed ratably among the holders of Series Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive under this Section 2.3.A.3(a) and Section 2.3.3(a) of the Articles. The "Series B-1 Liquidation Value" of any share of Series B-1 Preferred Stock as of any particular date shall be equal to \$1.10, as adjusted for any stock dividends, stock splits, combinations, reorganizations, recapitalizations, reclassifications or similar transactions affecting the number of outstanding shares of Series B-1 Preferred Stock.

(b) Remaining Assets. After the payment of the full liquidation preference of the Series B-1 Preferred Stock as set forth in Section 2.3.A.3(a) above and Section 2.3.3(a) of the Articles, any remaining assets and funds of the Company available for distribution shall be distributed ratably among the holders of Common Stock.

(c) Certain Acquisitions.

(1) Deemed Liquidations. For purposes of this Section 2.3.A.3, a Liquidation Transaction of the Company (unless otherwise determined by the holders of a majority of the outstanding Series B-1 Preferred Stock) shall be deemed to include a Deemed Liquidation and each holder of Series B-1 Preferred Stock shall be entitled to receive in connection therewith payment from the Company (or the successor or purchasing entity) in the aggregate amount specified herein that such holder would have received upon a Liquidation Transaction in accordance with this Section 2.3.A.3.

(2) Valuation of Consideration. In the event of a Liquidation Transaction as described in Section 2.3.A.3(a) or Section 2.3.A.3(c) above, if the consideration received by the Company is in whole or in part other than cash, then the amounts payable to all holders of shares of Series B-1 Preferred Stock pursuant to this Section 2.3.A.3 shall be paid in the same form of consideration that is paid to the other shareholders of the Company, with the value of any such non-cash consideration (other than securities) determined as provided in the definitive agreement(s) entered into in connection with any such Liquidation Transaction, or, if

the non-cash consideration consists of securities for which no value is established in such definitive agreement(s), as follows:

(A) Freely Tradable Securities. The method of valuation of securities not subject to investment letter or other similar restrictions on free marketability shall be as follows:

(i) if traded on a securities exchange or the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(B) Restricted Securities. The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined to reflect the approximate fair market value thereof, as determined by the Board of Directors.

2.3.A.4 Conversion Rights. The Series B-1 Preferred Stock shall be convertible as follows:

(a) General. Subject to and in compliance with the provisions of this Section 2.3.A.4, any shares of Series B-1 Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and non-assessable shares of Common Stock.

(1) All outstanding shares of Series B-1 Preferred Stock shall automatically be converted into fully-paid and non-assessable shares of Common Stock upon the earlier of (A) the effectiveness of a registration statement in connection with an underwritten public offering under the Securities Act, covering the sale of Common Stock to the public that results in aggregate cash proceeds to the Company of not less than \$20,000,000 (net of underwriting discounts and commissions) or (B) the date specified by written consent or agreement of the holders of a majority of the then-outstanding shares of Series B-1 Preferred Stock, voting together as a single class.

(2) The number of shares of Common Stock to which a holder of Series B-1 Preferred Stock shall be entitled upon conversion under this Section 2.3.A.4(a) shall be the product obtained by multiplying the Applicable Conversion Rate (determined as provided in Section 2.3.A.4(b) below) by the number of shares of Series B-1 Preferred Stock to be converted.

(b) Applicable Conversion Rate. The Applicable Conversion Rate for each share of Series B-1 Preferred Stock shall be the quotient obtained by dividing the Original

Purchase Price for the Series B-1 Preferred Stock, as set forth below, by the Conversion Price applicable to the Series B-1 Preferred Stock, determined as hereinafter provided, in effect on the date the certificate is surrendered for conversion. The Original Purchase Price for the Series B-1 Preferred Stock is \$1.10 per share. As of the date of filing of these Amended Articles, the initial Conversion Price for the Series B-1 Preferred Stock is \$1.10 per share. The initial Series B-1 Conversion Price shall be subject to adjustment as set forth in Section 2.3.A.4(d).

(c) Mechanics of Conversion. Before any holder of Series B-1 Preferred Stock shall be entitled to convert the same into shares of Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for such Series B-1 Preferred Stock, and shall give written notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series B-1 Preferred Stock, or to the nominee or nominees of such holder (subject to any applicable transfer restrictions), a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series B-1 Preferred Stock to be converted, the rights of the holder of the shares of Series B-1 Preferred Stock converted as a holder of Series B-1 Preferred Stock shall cease, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. Notwithstanding any other provision hereof, if a conversion of Series B-1 Preferred Stock is to be made in connection with a Liquidation Transaction, an underwritten offering of securities registered pursuant to the Securities Act or another transaction affecting the Company or a holder of Series B-1 Preferred Stock, the conversion of any shares of Series B-1 Preferred Stock may, at the election of the holders such shares, be conditioned upon the consummation of such event or transaction, in which case such conversion shall not be deemed to be effective until such event or transaction has been consummated.

(d) Conversion Price Adjustments of Series B-1 Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The applicable Conversion Price of the Series B-1 Preferred Stock shall be subject to adjustment from time to time after the date hereof, as follows:

(1) Issuance of Additional Stock below Purchase Price.

(A) Issuances of Additional Stock. If the Company shall issue, any Additional Stock (as defined below) for consideration per share less than the Conversion Price applicable to the Series B-1 Preferred Stock in effect immediately prior to the issuance of such Additional Stock, such Conversion Price shall automatically be adjusted as set forth in this Section 2.3.A.4(d)(1), unless otherwise provided in this Section 2.3.A.4(d)(1).

(B) Adjustment Formula. Whenever the Conversion Price is adjusted pursuant to Section 2.3.A.4(d)(1)(A), the new Conversion Price shall be determined by multiplying the Conversion Price in effect immediately prior to the issuance of such Additional Stock by a fraction, (i) the numerator of which shall be the number of shares of Outstanding Common Stock (as defined below) immediately prior to such issuance plus the number of shares

of Common Stock that the aggregate consideration received by the Company for the total number of shares of Additional Stock so issued would purchase at the Conversion Price applicable to the Series B-1 Preferred Stock in effect immediately prior to such issuance and (ii) the denominator of which shall be the number of shares of Outstanding Common Stock immediately prior to such issuance plus the number of shares of such Additional Stock so issued. For purposes of the foregoing calculation, the term "Outstanding Common Stock" shall mean the number of shares of Common Stock actually issued and outstanding at the time of determination plus the number of shares of Common Stock deemed issued at such time pursuant to Section 2.3.A.4(d)(1)(F) below.

(C) Definition of "Additional Stock". For purposes of this Section 2.3.A.4(d)(1), "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to Section 2.3.A.4(d)(1)(F)) by the Company on or after the earliest date of issuance of any Series B-1 Preferred Stock other than:

(i) Shares of Common Stock (or securities convertible into Common Stock) issued or issuable as a distribution or dividend on Series Preferred Stock or by way of dividend, stock split or other distribution pursuant to Sections 2.3.A.4(d)(2), (3), (4) or (5) below;

(ii) Shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued pursuant to such options, warrants or other rights (in each case as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued or issuable to employees, officers, advisors, consultants, directors or service providers of the Company and/or any Subsidiary, as approved from time to time by the Board of Directors;

(iii) Shares of Common Stock or convertible securities issued or issuable upon exercise of or conversion of any warrants, options, or other convertible securities, in each case that are outstanding as of the date of these Amended Articles;

(iv) Shares of Common Stock issued or issuable upon the conversion of shares of Series Preferred Stock;

(v) Shares of Common Stock issued or issuable in a public offering prior to or in connection with which all outstanding shares of Series Preferred Stock will be converted to Common Stock pursuant to 2.3.A.4(a) hereof;

(vi) Shares of Common Stock or convertible securities issued or issuable in respect of any shares, options or convertible securities as a result of the application of substantially similar antidilution provisions contained therein;

(vii) Shares of Common Stock issued or issuable in connection with the merger of Avalara ISPI, Inc. and Taxcient, Inc.;

(viii) Shares of Common Stock, options, warrants or other convertible securities issued or issuable to financial institutions, lessors, business partners or other entities in connection with commercial credit arrangements, equipment financings, real

estate transactions, joint venturers, or other corporate partnering arrangements or similar transactions, in each case, the terms of which are approved by the Board of Directors;

(ix) Shares of Common Stock or convertible securities issued or issuable in connection with bona fide acquisitions by the Company of a business entity or the assets of a business, whether by merger, consolidation, purchase of assets, exchange of stock or otherwise, in each case on terms of issuance approved by the Board of Directors;

(x) Shares of Common Stock or convertible securities issued or issuable to any other persons or entities in connection with the acquisition by the Company of technology or intellectual property, or in connection with strategic collaboration or development agreements with the Company, provided that such issuances are not primarily for capital-raising purposes and, in each case, the terms of issuance are approved by the Board of Directors; and

(xi) Shares of Common Stock or convertible securities excluded from the definition of Additional Stock by the affirmative vote or written consent of:

1) a majority of the holders of Series B-1 Preferred Stock that otherwise would be entitled to an antidilution adjustment as a result of the issuance of such Common Stock (including shares deemed to have been issued pursuant to Section 2.3.A.4(d)(1)(F)); and

2) if the holders of Series B-1 Preferred Stock otherwise would be entitled to an antidilution adjustment as a result of the issuance of such Common Stock (including shares deemed to have been issued pursuant to Section 2.3.A.4(d)(1)(F)), a majority of the holders of the then-outstanding shares of Series B-1 Preferred Stock.

(D) No Fractional Adjustments. No adjustment of the Conversion Price for the Series B-1 Preferred Stock shall be made in an amount less than \$0.001 per share, and any adjustments of less than one cent shall be carried forward and aggregated with any future adjustments until such aggregate adjustments are equal to at least one cent.

(E) Determination of Consideration. In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of the Common Stock for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors irrespective of any accounting treatment.

(F) Deemed Issuances of Common Stock. In the case of the issuance (whether before, on or after the date hereof) of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of Section 2.3.A.4(d)(1):

(i) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in Section 2.3.A.4(d)(1)(E)), if any, received by the Company upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(ii) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Company (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in Section 2.3.A.4(d)(1)(E)).

(iii) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Company upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Conversion Price of the Series B-1 Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(iv) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange, or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Series B-1 Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(v) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to Sections 2.3.A.4(d)(1)(F)(i) and

2.3.A.4(d)(1)(F)(ii) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Section 2.3.A.4(d)(1)(F)(iii) or 2.3.A.4(d)(1)(F)(iv).

(G) No Increased Conversion Price. Notwithstanding any other provisions of this Section 2.3.A.4(d)(1), and except to the limited extent provided for in Sections 2.3.A.4(d)(1)(F)(iii) and 2.3.A.4(d)(1)(F)(iv), no adjustment of the Conversion Price pursuant to this Section 2.3.A.4(d)(1) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(2) Stock Splits and Dividends. In the event the Company should at any time or from time to time after the date hereof fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or convertible securities without payment of any consideration by such holder for the additional shares of Common Stock or convertible securities (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series B-1 Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such convertible securities with the number of shares issuable with respect to convertible securities determined from time to time in the manner provided for deemed issuances in Section 2.3.A.4(d)(1)(F).

(3) Reverse Stock Splits. If the number of shares of Common Stock outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the applicable Conversion Price for the outstanding Series B-1 Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(4) Other Distributions. In the event the Company shall declare a distribution payable in securities of other Persons, evidences of indebtedness issued by the Company or other Persons, assets (excluding cash dividends) or options or rights not referred to in Section 2.3.A.4(d)(2), and excluding dividends as provided in Section 2.3.A.2, then, in each such case for the purpose of this Section 2.3.A.4(d), the holders of outstanding Series B-1 Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Company into which their shares of Series B-1 Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

(5) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in Section 2.3.A.3 or this Section 2.3.A.4), provision shall be made so that the holders of the outstanding Series B-1 Preferred Stock shall thereafter be entitled to receive upon conversion of such series the number of shares of stock or other

securities or property of the Company or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 2.3.A.4 with respect to the rights of the holders of such series after the recapitalization to the end that the provisions of this Section 2.3.A.4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of such series) shall be applicable after that event and be as nearly equivalent as practicable.

(6) No Impairment. The Company will not, by amendment of its Articles or through any reorganization, recapitalization, 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 to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 2.3.A.4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Series B-1 Preferred Stock against impairment.

(7) No Fractional Shares and Certificate as to Adjustments.

(A) No Fractional Shares. No fractional shares shall be issued upon the conversion of any share or shares of the Series B-1 Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. The number of shares issuable upon such conversion shall be determined on the basis of the total number of shares of Series B-1 Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(B) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of the Series B-1 Preferred Stock pursuant to this Section 2.3.A.4, the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such series of Series B-1 Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of series of Series B-1 Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment and readjustment, (ii) the Conversion Price for such series of Series B-1 Preferred Stock at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of such series of Series B-1 Preferred Stock.

(8) Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or any other right, the Company shall mail to each holder of Series B-1 Preferred Stock, at least ten (10) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(9) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the outstanding shares of Series B-1 Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of such series of Series B-1 Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Series B-1 Preferred Stock, in addition to such other remedies as shall be available to the holder of such series of Series B-1 Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to these Amended Articles.

(10) Notices. Any notice required by the provisions of this Section 2.3.A.4 to be given to the holders of shares of Series B-1 Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Company.

(11) Status of Converted Stock. In the event any shares of Series B-1 Preferred Stock shall be converted pursuant to Section 2.3.A.4 hereof, the shares of the applicable series of Series B-1 Preferred Stock so converted shall be canceled and shall not be reissued, sold or transferred by the Company. The Articles of the Company shall be appropriately amended to effect the corresponding reduction in the number of authorized shares of such series of Series B-1 Preferred Stock.

Correction of Clerical Errors. Pursuant to RCW 23B.01.240, the Company shall have authority to correct clerical errors in any documents filed with the Secretary of State of Washington, including these Amended Articles or any amendments hereto, without the necessity of special shareholder approval of such corrections.

DATED this 5th day of November, 2010

By


Scott McFarlane, President