THE SECURITIES EVIDENCED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR THE CORPORATION RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF SUCH SECURITIES REASONABLY SATISFACTORY TO THE CORPORATION STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

No. [W001] [Date]

**WARRANT TO PURCHASE COMMON sTOCK  
OF  
[ENTITY-NAME] Corporation**

# Number of Shares Subject to Warrant. FOR VALUE RECEIVED, subject to the terms and conditions herein set forth, [Warrant-holder-name] or its assigns (“***Holder***”) is entitled to purchase from [Entity-name] Corporation, a Washington corporation (the “***Corporation***”), at a price per share equal to the Warrant Price (as defined below), the Warrant Stock (as defined below) upon exercise of this Warrant pursuant to Section 6 hereof, at any time before the termination of this Warrant as provided in Section 10 (the "***Exercise Period***"). Both the number of shares of Warrant Stock purchasable upon exercise of this Warrant and the Warrant Price are subject to adjustment as provided herein. This Warrant is issued pursuant to that certain Subscription Agreement, dated as of the date hereof (the “***Agreement***”), between the Corporation and Holder. Unless defined otherwise herein, capitalized terms shall have the meaning set forth in the Agreement.

# Definitions. As used in this Warrant, the following terms shall have the definitions ascribed to them below:

## “***Common Stock***” shall mean the common stock of the Corporation.

## “***Fair Market Value***” of a share of Warrant Stock as of a particular date shall mean:

### (i) If traded on a national securities exchange or one of the Nasdaq Stock Markets, the Fair Market Value shall be deemed to be the average of the closing prices of the shares of Common Stock on such exchange or market over the five (5) business days ending immediately prior to the applicable date of valuation;

### (ii) If this Warrant is being converted in conjunction with the IPO, the Fair Market Value shall be deemed to be the price to the public per share pursuant to such offering;

### (iii) If actively traded over-the-counter, the Fair Market Value shall be deemed to be the average of the closing bid prices over the 30‑day period ending immediately prior to the applicable date of valuation; and

### (iv) If there is no active public market, the Fair Market Value shall be the value thereof as determined in good faith by the Corporation’s Board of Directors.

## “***IPO***” shall mean the first firm commitment underwritten public offering of Common Stock pursuant to an effective registration statement filed with the SEC under the Securities Act.

## “***SEC***” shall mean the U.S. Securities and Exchange Commission.

## “***Securities***” shall mean 250,000 shares of Common Stock.

## “***Securities Act***” shall mean the Securities Act of 1933, as amended.

## “***Warrant Price***” shall be $\_\_\_ per share.

## “***Warrant Stock***” shall mean the Securities purchasable upon exercise of this Warrant or issuable upon conversion of this Warrant.

# Fractional Shares. No fractional shares shall be issuable upon exercise or conversion of the Warrant and the number of shares to be issued shall be rounded down to the nearest whole share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Corporation shall eliminate such fractional share interest by paying the Holder an amount computed by multiplying the fractional interest by the fair market value of a full share.

# No Shareholder Rights. This Warrant, by itself, as distinguished from any shares purchased hereunder, shall not entitle its Holder to any of the rights of a shareholder of the Corporation.

# Reservation of Stock. The Corporation will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of Warrant Stock upon the exercise or conversion of this Warrant. Issuance of this Warrant shall constitute full authority to the Corporation’s officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Warrant Stock issuable upon the exercise or conversion of this Warrant.

# Exercise of Warrant. This Warrant may be exercised by the surrender of this Warrant, together with the Notice of Exercise and Investment Representation Statement in the forms attached hereto as Attachments 1 and 2, respectively, duly completed and executed, at the principal office of the Corporation, specifying the portion of the Warrant to be exercised and accompanied by payment in full of the Warrant Price in cash or by check with respect to the shares of Warrant Stock being purchased. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of Warrant Stock issuable upon such exercise shall be treated for all purposes as Holder of such shares of record as of the close of business on such date. As promptly as practicable after such date, the Corporation shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of full shares of Warrant Stock issuable upon such exercise. If the Warrant shall be exercised for less than the total number of shares of Warrant Stock then issuable upon exercise, promptly after surrender of the Warrant upon such exercise, the Corporation will execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to the balance of the Warrant Stock purchasable hereunder upon the same terms and conditions set forth herein.

# Conversion. In lieu of exercising this Warrant or any portion hereof, the Holder hereof shall have the right to convert this Warrant or any portion hereof into Warrant Stock by executing and delivering to the Corporation at its principal office the written Investment Representation Statement and Notice of Conversion in the forms attached hereto as Attachments 2 and 3, specifying the portion of the Warrant to be converted, and accompanied by this Warrant. The number of shares of Warrant Stock to be issued to Holder upon such conversion shall be computed using the following formula:

|  |  |  |
| --- | --- | --- |
| X = (P)(Y)(A-B)/A | | |
| Where | X = | the number of shares of Securities to be issued to the Holder for the portion of the Warrant being converted. |
|  | P = | the portion of the Warrant being converted expressed as a decimal fraction. |
|  | Y = | the total number of shares of Securities issuable upon exercise of the Warrant in full. |
|  | A = | the Fair Market Value on the date of conversion. |
|  | B = | the Warrant Price on the date of conversion. |

Any portion of this Warrant that is converted shall be immediately canceled. This Warrant or any portion hereof shall be deemed to have been converted immediately prior to the close of business on the date of its surrender for conversion as provided above, and the person entitled to receive the shares of Warrant Stock issuable upon such conversion shall be treated for all purposes as Holder of such shares of record as of the close of business on such date. As promptly as practicable after such date, the Corporation shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of full shares of Warrant Stock issuable upon such conversion. If the Warrant shall be converted for less than the total number of shares of Warrant Stock then issuable upon conversion, promptly after surrender of the Warrant upon such conversion, the Corporation will execute and deliver a new Warrant, dated the date hereof, evidencing the right of the Holder to the balance of the Warrant Stock purchasable hereunder upon the same terms and conditions set forth herein.

# Adjustment of Exercise Price and Number of Shares. The Warrant Price and the number of shares issuable upon exercise of this Warrant shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, combination of shares, reclassification, recapitalization or other similar event altering the number of outstanding shares of the Corporation’s capital stock.

# Transfer of Warrant. This Warrant may be transferred or assigned by the Holder hereof in whole or in part, provided that (i) the transferor provides, at the Corporation’s request, an opinion of counsel satisfactory to the Corporation that such transfer does not require registration under the Securities Act and the securities law applicable with respect to any other applicable jurisdiction, and (ii) the Corporation, in its sole discretion, consents to such assignment or transfer.

# Vesting and Termination.

## This Warrant is fully vested and immediately exercisable at any time and from time to time during the Exercise Period; provided, however, that this Warrant shall terminate upon the earlier of (i) a Reorganization (as defined below) or IPO and (ii) the date set forth in Section 10(d) below.

## Upon the closing of a merger, consolidation, acquisition of all or substantially all of the property or stock, reorganization or liquidation of the Company (collectively, a "***Reorganization***"), as a result of which the shareholders of the Company receive cash, stock or other property in exchange for their shares of Common Stock, this Warrant shall be canceled and all rights granted hereunder shall terminate; provided, however, that the Company shall have delivered to Holder notice of the Reorganization no less than fifteen (15) business days before the date scheduled for Reorganization.

## Upon the effectiveness of the IPO, this Warrant shall be canceled and all rights granted hereunder shall terminate; provided, however, that the Company shall deliver to Holder notice of the IPO no less than fifteen (15) business days before the date scheduled for the effectiveness of the IPO.

## If not sooner canceled pursuant to the provisions of Sections 10(b) or 10(c), this Warrant shall be canceled and the rights granted hereunder shall terminate and no longer by exercisable at 5:00 p.m. Pacific time, on June 8, 2007.

# Miscellaneous. This Warrant shall be governed by the laws of the State of Washington, as such laws are applied to contracts to be entered into and performed entirely in Washington by Washington residents. The parties agree that the venue of any dispute arising out of or in connection with this Warrant shall be in the state and federal courts in King County, Washington. The headings in this Warrant are for purposes of convenience and reference only, and shall not be deemed to constitute a part hereof. Neither this Warrant nor any term hereof may be changed or waived orally, but only by an instrument in writing signed by the Corporation and the Holder of this Warrant. All notices and other communications from the Corporation to the Holder of this Warrant shall be delivered personally or mailed by first class mail, postage prepaid, to the address furnished to the Corporation in writing by the last Holder of this Warrant who shall have furnished an address to the Corporation in writing, and if mailed shall be deemed given three days after deposit in the United States mail.

IN WITNESS WHEREOF, the duly authorized officer of the Corporation executes this Warrant effective as of the date first written above.

**[Entity-name] Corporation**

By:

Name:

Its:

**Attachment 1**

NOTICE OF EXERCISE

TO: [Entity-name] Corporation

1. The undersigned hereby elects to purchase 250,000 shares of the Warrant Stock of [Entity-name] Corporation pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price in full, together with all applicable transfer taxes, if any.
2. Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

[Warrant-holder-name]

(Name)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Address)

|  |  |
| --- | --- |
|  | [Warrant-holder-name] |
| (Date) | (Name of Warrant Holder) |
|  |  |
|  |  |
|  | By: |
|  |  |
|  |  |
|  | Title: |

**Attachment 2**

INVESTMENT REPRESENTATION STATEMENT

Shares of the Securities  
(as defined in the attached Warrant) of  
[Entity-name] corporation

In connection with the purchase of the above‑listed securities, the undersigned hereby represents to [Entity-name] Corporation (the “***Corporation***”) as follows:

1. The securities to be received upon the exercise of the attached Warrant (the “***Securities***”) will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and the undersigned has no present intention of selling, granting participation in or otherwise distributing the same, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control. By executing this Statement, the undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer, or grant participation to such person or to any third person, with respect to any Securities issuable upon exercise of the Warrant.
2. The undersigned understands that the Securities issuable upon exercise of the Warrant at the time of issuance may not be registered under the Securities Act of 1933, as amended (the “***Securities Act***”), and applicable state securities laws, on the ground that the issuance of such securities is exempt pursuant to Section 4(2) of the Securities Act and state law exemptions relating to offers and sales not by means of a public offering, and that the Corporation’s reliance on such exemptions is predicated on the undersigned’s representations set forth herein.
3. The undersigned agrees that in no event will it make a disposition of any Securities acquired upon the exercise of the Warrant unless and until (i) it shall have notified the Corporation of the proposed disposition and shall have furnished the Corporation with a statement of the circumstances surrounding the proposed disposition, and (ii) it shall have furnished the Corporation with an opinion of counsel satisfactory to the Corporation and Corporation’s counsel to the effect that (A) appropriate action necessary for compliance with the Securities Act and any applicable state securities laws has been taken or an exemption from the registration requirements of the Securities Act and such laws is available, and (B) the proposed transfer will not violate any of said laws. The undersigned acknowledges that all stock certificates representing any Securities acquired upon the exercise of the Warrant may have affixed thereto a legend substantially in the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

1. The undersigned acknowledges that an investment in the Corporation is highly speculative and represents that it is able to fend for itself in the transactions contemplated by this Statement, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investments, and has the ability to bear the economic risks (including the risk of a total loss) of its investment. The undersigned represents that it has had the opportunity to ask questions of the Corporation concerning the Corporation’s business and assets and to obtain any additional information which it considered necessary to verify the accuracy of or to amplify the Corporation’s disclosures, and has had all questions which have been asked by it satisfactorily answered by the Corporation.
2. The undersigned acknowledges that the Securities issuable upon exercise of the Warrant must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. The undersigned is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Corporation, the resale occurring not less than one year after a party has purchased and paid for the security to be sold, the sale being through a “broker’s transaction” or in transactions directly with a “market makers” (as provided by Rule 144(f)) and the number of shares being sold during any three‑month period not exceeding specified limitations.

|  |  |
| --- | --- |
| Dated: |  |
|  |  |
|  |  |
|  | [Warrant-holder-name] |
|  | (Typed or Printed Name) |
|  |  |
|  | By: |
|  | (Signature) |
|  |  |
|  |  |
|  | (Title) |

**Attachment 3**

NOTICE OF CONVERSION

TO: [ENTITY-NAME] CORPORATION

1. The undersigned hereby elects to acquire \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shares of the common stock of [Entity-name] Corporation pursuant to the terms of the attached Warrant, by conversion of \_\_\_\_\_\_\_\_\_\_\_\_\_ percent (\_\_\_\_\_\_\_\_ %) of the Warrant.
2. Please issue a certificate or certificates representing said shares of the common stock of [Entity-name] Corporation in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Address)

|  |  |
| --- | --- |
|  |  |
| (Date) | (Name of Warrant Holder) |
|  |  |
|  |  |
|  | By: |
|  |  |
|  |  |
|  | Title: |