

**Avalara Announces \$42 Million Investment
from Technology Crossover Ventures, Warburg Pincus and other Shareholders**

Proceeds to be used for Share Repurchase and Invested in Growth Initiatives

Bainbridge Island, WA – January 20, 2015 – Avalara, Inc. (“Avalara” or “the company”), a leading provider of cloud-based software for sales tax and other transactional tax compliance, today announced it has issued more than \$42 million in series D-1 preferred stock to new investor Technology Crossover Ventures (“TCV”), a leading provider of growth equity for premier technology companies, and existing investors led by an affiliate of Warburg Pincus. After paying to repurchase certain shares from existing shareholders, the company will retain over \$6 million in net new growth capital.

“Like Warburg Pincus, TCV is a premier technology growth investor and has significant experience helping companies like Avalara successfully scale their businesses,” said Scott McFarlane, founder and CEO of Avalara. “We look forward to leveraging their combined expertise to accelerate the growth of our Compliance Cloud platform.”

“We are extremely impressed with Avalara’s ability to deliver on its mission of helping businesses of all sizes to comply with sales tax and other transactional tax requirements through comprehensive, automated, cloud-based solutions that are easy to use,” said Tim McAdam, TCV general partner. “Avalara is an exceptional technology leader that is transforming a range of business processes, and we believe our investment will help accelerate the company’s momentum.”

Justin Sadrian, managing director at Warburg Pincus and member of the Avalara board of directors, commented, “We are pleased to make this additional investment in Avalara to continue support of the company’s growth initiatives and its pursuit of new and advanced solutions for its customers.”

Since 2004 Avalara has raised more than \$200 million in capital, which includes the most recent financing from Warburg Pincus and TCV. Warburg Pincus’ portion of the equity for this investment will come from an affiliate of Warburg Pincus Private Equity XI, L.P.

About Avalara

Avalara helps businesses of all sizes achieve compliance with sales tax, excise tax, and other transactional tax requirements by delivering comprehensive, automated, cloud-based solutions that are fast, accurate, and easy to use. Avalara’s end-to-end suite of solutions is designed to effectively manage complicated and burdensome tax compliance obligations imposed by state, local, and other taxing authorities in the United States and internationally.

Avalara offers hundreds of pre-built connectors into leading accounting, ERP, ecommerce and other business applications. The company processes millions of tax transactions for customers and free users

every day, files hundreds of thousands of transactional tax returns per year, and manages millions of exemption certificates and other compliance related documents.

A privately held company, Avalara's venture capital investors include Sageview Capital, Battery Ventures, Warburg Pincus, Technology Crossover Ventures, Arthur Ventures, and other institutional and individual investors. Avalara employs more than 800 people at its headquarters on Bainbridge Island, WA and in offices across the U.S. and in London, England and Pune, India. More information at: www.avalara.com

About Warburg Pincus

Warburg Pincus LLC is a leading global private equity firm focused on growth investing. The firm has more than \$37 billion in assets under management. The firm's active portfolio of more than 120 companies is highly diversified by stage, sector and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 14 private equity funds, which have invested more than \$50 billion in over 720 companies in more than 35 countries.

Since inception, Warburg Pincus has invested more than \$15 billion in technology, media and tech-enabled services companies including BEA Systems, Bharti Airtel (BSE: BRTI), Coyote Logistics, Endurance International Group (NASDAQ: EIGI), FacilitySource, FIS (NYSE: FIS), GrubHub (NYSE: GRUB), iParadigms Holdings LLC, NeuStar (NYSE: NSR), New Breed, Nuance (NASDAQ: NUAN), RDA Microelectronics Inc. (NASDAQ:RDA), Service Repair Solutions, UGS Capital Corp., and VERITAS Software.

The firm is headquartered in New York with offices in Amsterdam, Beijing, Frankfurt, Hong Kong, London, Luxembourg, Mumbai, Mauritius, San Francisco, São Paulo and Shanghai. For more information please visit www.warburgpincus.com.

About TCV

Technology Crossover Ventures (TCV), founded in 1995, is a leading provider of capital to growth-stage private and public companies in the technology industry. With nearly \$10 billion in capital raised, TCV has invested in more than 200 technology companies over the last 20 years. Selected investments include Altiris, C|NET, ExactTarget, Expedia, Facebook, Fandango, FX Alliance, GoDaddy, Genesys Software, Groupon, HomeAway, Netflix, RealNetworks, Redback Networks, Rent the Runway, RiskMetrics Group, Sitecore, Splunk, Spotify, Thinkorswim, VICE Media, and Zillow. TCV is headquartered in Palo Alto, California, with offices in New York and London. For more information about TCV, including a complete list of TCV investments, visit www.tcv.com.

Contact:

Avalara

Sheri Pollock

206 826.4900 x1224

sheri.pollock@avalara.com

TCV

Shifali Erasmus-Bhagat

Kinetic.PR

650-315-7526

shifali@kineticprllc.com

Warburg Pincus

Ed Trissel

212 878 9288

ed.trissel@warburgpincus.com

Mary Zimmerman

212 878 9207

mary.zimmerman@warburgpincus.com