

May 6, 2014

Public Utility Commission of Oregon
Administrative Hearings Division
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

Attention: Filing Center

We are submitting the following information in compliance with the Commission's Order No. 14-083 under proceeding No. UF-4285 regarding the authorization given for a \$500,000,000 credit facility.

On April 18, 2014, Avista Corporation (Avista Corp. or the Company) amended its \$400.0 million committed line of credit agreement with various banks. The committed line of credit was originally entered into on February 11, 2011 and amended on December 14, 2011.

Amendments to the committed line of credit include an extension of the expiration date to April 18, 2019 from February 10, 2017. The amendment also provides the Company the option to request an extension of the committed line of credit for an additional one or two years beyond April 18, 2019, provided there is no event of default prior to the requested extension and the requested extension does not cause the remaining term until the expiration date to exceed five years. In addition to extending the expiration date, the amendment also adds a lower pricing level to the applicable interest rate and it decreases the limit on letters of credit issuances under the committed line of credit from \$300.0 million to \$200.0 million.

The annual administrative agent fee of \$35,000 and the letter of credit fronting fee of 0.20% did not change from the original agreement.

The amended committed line of credit is secured by \$400.0 million of non-transferable First Mortgage Bonds of the Company issued to the agent bank. Such First Mortgage Bonds would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

The amended committed line of credit agreement contains customary covenants and default provisions, including a covenant not to permit the ratio of "consolidated total debt" to "consolidated total capitalization" of Avista Corporation to be greater than 65 percent at the end of any fiscal quarter.

Known fees and expenses related to the amendment and extensions of the credit agreement are listed in Table 1. Other fees and expenses may be presented to the Company after the date of this letter.

Table 1.

Type of Fee	Dollar Amount
Co-Lead Arranger Fee	\$300,000
Upfront Fees	485,672
Agency Fees	-
Legal Expenses	58,993
Fees and expenses paid for the extension	\$844,665

Fees for the amendment to the FMBs to allow for this extension are listed in Table 2 below.

Table 2.

Service	Amount
Legal Expenses	\$3,875
Title Endorsement Expenses	72,661
County Filing and Other Expenses	-
Total	\$76,536

To accompany the information above and to comply with the Commission's order 14-083 the Company is attaching the following two Exhibits:

Exhibit A: Is the amendment discussion with the Company's Lead Arranger, MUFG. This exhibit demonstrates that the fees and interest rates for this extension are consistent with competitive market pricing for similar transactions.

Exhibit B: Is the Executed Second Amendment to Credit Agreement.

Please contact Ryan Krasselt at 509-495-2273 if you have any questions.

Sincerely,

/s/ Ryan L. Krasselt

Ryan L. Krasselt
Assistant Treasurer

Enclosure



SECOND AMENDMENT TO CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this “***Amendment***”), dated as of April 18, 2014, is entered into by AVISTA CORPORATION, a Washington corporation (the “***Borrower***”), the financial institutions identified on the signature pages hereof as “Continuing Lenders” (the “***Continuing Lenders***”), the financial institution identified on the signature pages hereof as the “Exiting Lender” (the “***Exiting Lender***” and, together with the Continuing Lenders, the “***Lenders***”), WELLS FARGO BANK, NATIONAL ASSOCIATION, as an Issuing Bank, and UNION BANK, N.A., as Administrative Agent (the “***Administrative Agent***”) and an Issuing Bank.

Recitals

A. The parties hereto are party to a Credit Agreement dated as of February 11, 2011, as amended by a First Amendment to Credit Agreement and Waiver Thereunder dated as of December 14, 2011 (that Credit Agreement, as so amended, herein called the “***Credit Agreement***”). Terms defined in the Credit Agreement and not otherwise defined herein have the same respective meanings when used herein, and the provisions of Section 1.02 of the Credit Agreement are incorporated herein by reference.

B. The Borrower and the Continuing Lenders wish to, among other things, add a lower pricing level to the definition of “Applicable Rate,” extend the Expiration Date and revise Section 2.20 of the Credit Agreement to provide for possible additional extensions of the Expiration Date. Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders, the Issuing Banks and the Administrative Agent hereby agree as set forth below.

SECTION 1. Amendments to Credit Agreement. Subject to satisfaction of the conditions precedent set forth in Section 2 of this Amendment, the Borrower and the Continuing Lenders hereby agree that the Credit Agreement is amended as set forth below.

(a) The definition of “Applicable Rate” in Section 1.01 of the Credit Agreement is amended in full to read as follows:

“‘***Applicable Rate***’ shall mean, on any date with respect to the Facility Fee, Eurodollar Loans, ABR Loans or the LC Participation Fee, the rate per annum set forth in the following table in the ‘Facility Fee,’ ‘Eurodollar Margin,’ ‘ABR Margin’ or ‘LC Participation Fee’ column, as applicable, for the Pricing Level in effect for such date.

Pricing Level	Facility Fee	Eurodollar Margin	ABR Margin	LC Participation Fee
I	0.075%	0.675%	0.000%	0.675%
II	0.100%	0.775%	0.000%	0.775%
III	0.125%	0.875%	0.000%	0.875%
IV	0.175%	0.950%	0.000%	0.950%
V	0.200%	1.050%	0.050%	1.050%
VI	0.250%	1.250%	0.250%	1.250%

For purposes of determining which Pricing Level is applicable in the foregoing table, the following rules will apply:

‘Pricing Level I’ will be applicable at any date if, at such date, the Senior Debt Rating is Sixth Lowest Investment Grade or higher;

‘Pricing Level II’ will be applicable at any date if, at such date, the Senior Debt Rating is Fifth Lowest Investment Grade and Pricing Level I is not applicable;

“Pricing Level III” will be applicable at any date if, at such date, the Senior Debt Rating is Fourth Lowest Investment Grade and neither Pricing Level I nor Pricing Level II is applicable;

‘Pricing Level IV’ will be applicable at any date if, at such date, the Senior Debt Rating is Third Lowest Investment Grade and none of Pricing Level I, Pricing Level II or Pricing Level III is applicable;

‘Pricing Level V’ will be applicable at any date if, at such date, the Senior Debt Rating is Second Lowest Investment Grade and none of Pricing Level I, Pricing Level II, Pricing Level III or Pricing Level IV is applicable;

‘Pricing Level VI’ will be applicable at any date if, at such date, (i) the Senior Debt Rating is Lowest Investment Grade or lower or (ii) there is no applicable Senior Debt Rating.”

(b) The definition of “Expiration Date” in Section 1.01 of the Credit Agreement is amended in full to read as follows:

“‘**Expiration Date**’ shall mean April 18, 2019.”

(c) The definition of “Reportable Event” in Section 1.01 of the Credit Agreement is amended in full to read as follows:

“‘**Reportable Event**’ shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with

respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).”

(d) Section 1.01 of the Credit Agreement is amended by deleting the definition of “Highest Non-Investment Grade” and adding the following new definitions in alphabetical order:

“‘**Anti-Corruption Laws**’ shall mean all laws, rules and regulations of any jurisdiction applicable to the Borrower or any Subsidiary from time to time concerning or relating to bribery or corruption.

“‘**Ecova**’ shall mean Ecova, Inc., a Washington corporation.

“‘**Sanctioned Country**’ shall mean, at any time, a country or territory that is the subject or target of any Sanctions.

“‘**Sanctioned Person**’ shall mean, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, the United Nations Security Council, the European Union or any member state of the European Union, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“‘**Sanctions**’ shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the United States government, including those administered by the Office of Foreign Assets Control of the United States Department of the Treasury or the United States Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“‘**Sixth Lowest Investment Grade**’ shall mean that the Senior Debt Rating assigned to the applicable Indebtedness of the Borrower is a rating which, as reasonably determined by the Administrative Agent, would be the rating granted by the applicable credit-rating agency which is generally treated as “investment grade” in the ratings regime of that credit-rating agency and is higher than Fifth Lowest Investment Grade.”

(e) Section 2.05(b) of the Credit Agreement is amended in full to read as follows:

“(b) To request the issuance of a Letter of Credit (or the renewal, extension or other amendment of an outstanding Letter of Credit), the Borrower shall hand-deliver or telecopy (or transmit by electronic

communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, renewal, extension or other amendment) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be renewed, extended or otherwise amended, and specifying the date of issuance, renewal, extension or other amendment (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, renew, extend or otherwise amend such Letter of Credit. If requested by such Issuing Bank, the Borrower shall also submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, renewed, extended or otherwise amended only if (and upon the issuance, renewal, extension or other amendment of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, renewal, extension or other amendment, (i) the total LC Exposure would not exceed \$200,000,000 and (ii) the total Revolving Credit Exposures would not exceed the total Commitments."

(f) Section 2.20(a) of the Credit Agreement is amended in full to read as follows:

"(a) If no Event of Default has occurred and is continuing, the Borrower may request, by simultaneous notice to the Administrative Agent and each Lender given after April 18, 2014 and no later than 60 days before the Expiration Date applicable on the date of such notice (the '**Current Expiration Date**'), that the Lenders extend their respective Commitments for an additional period of one year or two years (the '**Requested Extension Period**'). If a Lender agrees, in its sole and absolute discretion, to so extend its Commitment, it will give notice to the Administrative Agent of its decision to do so within 30 days after the Borrower's delivery of notice to the Administrative Agent and the Lenders requesting extension of the Current Expiration Date. Promptly after expiration of such 30-day period, the Administrative Agent will notify the Borrower and each Lender as to the Lenders (each an '**Extending Lender**') from which it has received such a notice agreeing to so extend. Any failure by a Lender to so notify the Administrative Agent shall be deemed to be a decision by such Lender not to so extend its Commitment."

(g) Section 2.20(d) of the Credit Agreement is amended in full to read as follows:

"(d) The Borrower may use the process contemplated by this Section 2.20, at any time or times after April 18, 2014, only once for a Requested Extension Period of two years or up to twice for Requested Extension Periods of one year each; provided, however, that no extension of the Expiration Date shall

be permitted that would cause the remaining term until the Expiration Date to exceed five years at any time.”

(h) Article III of the Credit Agreement is amended by adding a new Section 3.14, to read as follows:

“Section 3.14 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Significant Subsidiaries and Ecova (whether or not a Significant Subsidiary), and their respective directors, officers, employees and agents, with the Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries, and their respective officers and employees and, to the knowledge of the Borrower, their respective directors and agents, are in compliance with the Anti-Corruption Laws and applicable Sanctions in all material respects. None of the following is a Sanctioned Person: (a) the Borrower or any Subsidiary or, to the knowledge of the Borrower, any of their respective directors, officers or employees; or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will benefit from, or act in any capacity in connection with, the credit facility established hereby. No Borrowing, Letter of Credit, use of proceeds of any Borrowing or Letter of Credit, or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanction.”

(i) Section 4.03(a) of the Credit Agreement is amended in full to read as follows:

“(a) [Reserved.]”

(j) Section 5.01 of the Credit Agreement is amended by adding the following new subsection (c) at the end thereof:

“(c) The Borrower shall maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Significant Subsidiaries and Ecova (whether or not a Significant Subsidiary), and their respective directors, officers, employees and agents, with the Anti-Corruption Laws and applicable Sanctions.”

(k) Article VI of the Credit Agreement is amended by adding a new Section 6.07, to read as follows:

“Section 6.07 Use of Proceeds. The Borrower shall not request any Borrowing or Letter of Credit and shall not use, and shall procure that its Subsidiaries and its and their respective directors, officers, employees and agents shall not use, any of the proceeds of any Borrowing or Letter of Credit (a) in furtherance of any offer, payment or promise to pay, or any authorization of the payment or giving of, money or anything else of value to any Person in violation

of any Anti-Corruption Law, (b) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person or in any Sanctioned Country or (c) in any manner that would result in the violation of any applicable Sanction.”

(l) Schedule 2.01 to the Credit Agreement is amended in full to be in the form attached hereto as Schedule 2.01.

SECTION 2. Conditions Precedent. This Amendment shall become effective on the date (the “**Effective Date**”), not later than May 31, 2014, on which all of the conditions set forth below have been fulfilled.

(a) The Administrative Agent shall have received all of the following, each dated the Effective Date (unless otherwise specified below), in form and substance satisfactory to the Administrative Agent and in the number of originals requested thereby:

(i) this Amendment, duly executed by the Borrower, the Lenders and the Issuing Banks;

(ii) a new First Mortgage Bond in substitution for the First Mortgage Bond dated February 11, 2011, referencing (among other things) the extension of the Expiration Date effected pursuant to Section 1(b) of this Amendment (the “**New First Mortgage Bond**”), together with the related Supplemental Indenture (the “**New Supplemental Indenture**”) and the related bond delivery agreement (the “**New Bond Delivery Agreement**”), in each case duly executed and delivered by all of the parties thereto, together with a copy of the bond application (including all attachments thereto) relating to the New First Mortgage Bond;

(iii) a copy of the First Mortgage, certified by a Financial Officer of the Borrower;

(iv) a copy of title insurance policy number NSL 31426-SEA issued by First American Title Insurance Company, together with all endorsements thereto through the Effective Date (collectively the “**Title Policy**”), including an endorsement dated a recent date confirming that the Title Policy (A) insures the Lien of the First Mortgage (including as modified by the New Supplemental Indenture) securing the New First Mortgage Bond, in each case with the Expiration Date extended to the date provided in Section 1(b) hereof, (B) insures the trustee under the First Mortgage as the insured party and (C) insures the Borrower’s title to the real property subject to the Lien of the First Mortgage, and the validity and first priority of the Lien of the First Mortgage (subject to Liens permitted to exist by the terms of the First Mortgage), in an amount not less than \$785,000,000, certified by a Financial Officer of the Borrower;

(v) opinions of Davis Wright Tremaine LLP, counsel to the Borrower, Hawley Troxell Ennis & Hawley LLP, Idaho counsel to the Borrower, and Crowley Fleck PLLP, Montana counsel to the Borrower (or such other firm or firms as approved by the Administrative Agent), each addressed to the Administrative Agent, the Lenders and the Issuing Banks (or, in the case of the latter two opinions, addressed to Davis Wright Tremaine LLP), with respect to

such matters relating to (A) the Borrower, (B) this Amendment, the New First Mortgage Bond, the New Supplemental Indenture and the New Bond Delivery Agreement (the “***Amendment Documents***”) and (C) the Loan Documents, as modified or replaced by the Amendment Documents, as the Administrative Agent or any Lender or Issuing Bank may reasonably request (the Borrower hereby instructing each such counsel to deliver its opinion to the Administrative Agent);

(vi) evidence that the Borrower has obtained all consents and approvals of, and has made all filings and registrations with, any Governmental Authority required in order to consummate the Transactions (as defined in Section 3(b) hereof), in each case without the imposition of any condition that, in the judgment of the Administrative Agent, could adversely affect the rights or interests of the Lenders, the Issuing Banks or the Administrative Agent under any of the Amendment Documents or the Loan Documents as modified or replaced thereby;

(vii) a copy of the articles of incorporation of the Borrower (as most recently amended and restated), including all amendments thereto, certified as of a recent date by the Secretary of State of the State of Washington;

(viii) certificates, each dated as of a recent date, from the appropriate Governmental Authorities of the States of Washington, Idaho, Montana and Oregon as to the good standing of the Borrower to do business in those states;

(ix) a certificate of the Secretary or Assistant Secretary of the Borrower certifying (A) that attached thereto is a true and complete copy of the restated articles of incorporation and the bylaws of the Borrower as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors of the Borrower authorizing the Transactions and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the articles of incorporation of the Borrower have not been amended since the date of the last amendment thereto shown on the certification with respect thereto furnished pursuant to clause (vii) above and (D) as to the incumbency and specimen signature of each officer executing any Amendment Document or any other document delivered in connection therewith on behalf of the Borrower;

(x) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate provided pursuant to clause (ix) above;

(xi) a certificate of a Financial Officer of the Borrower certifying that the representations and warranties set forth in Sections 3(f) and (g) of this Amendment are true and correct; and

(xii) such other documents as the Administrative Agent or any Lender, or legal counsel to any of them, may reasonably request.

(b) All fees payable by the Borrower to the Administrative Agent, the “Co-Lead Arrangers” identified on the cover page of the Credit Agreement, the Issuing Banks, the Lenders or any of their respective Affiliates on or prior to the Effective Date with respect to this Amendment, and all amounts payable by the Borrower pursuant to Section 10.05 of the Credit Agreement for which invoices have been delivered to the Borrower on or prior to the Effective Date, shall have been paid in full or arrangements satisfactory to the Administrative Agent shall have been made to cause them to be paid in full.

(c) All legal matters incident to the Amendment Documents, the Loan Documents as modified or replaced thereby and the Transactions shall be reasonably satisfactory to the Administrative Agent, the Lenders, the Issuing Banks and their respective legal counsel.

SECTION 3. Representations and Warranties. In order to induce the Lenders, the Issuing Banks and the Administrative Agent to enter into this Amendment, the Borrower represents and warrants to them as set forth below.

(a) The Borrower has the corporate power and authority (i) to execute and deliver the Amendment Documents, (ii) to perform its obligations under the Amendment Documents and under the Loan Documents as modified or replaced thereby and (iii) to borrow Loans and procure the issuance of Letters of Credit.

(b) The execution and delivery of the Amendment Documents by the Borrower, the performance by the Borrower of its obligations under the Amendment Documents and under the Loan Documents as modified or replaced thereby, and the borrowing of Loans and procurement of Letters of Credit under the Credit Agreement as amended hereby (collectively the “**Transactions**”), (i) have been duly authorized by all requisite corporate and, if required, stockholder action and (ii) will not (A) violate any provision of law, statute, rule or regulation the violation of which could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (B) violate any provision of the certificate or articles of incorporation or other constitutive documents or bylaws of the Borrower or any Significant Subsidiary, (C) violate any order of any Governmental Authority the violation of which could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (D) violate any provision of any indenture or other material agreement or instrument evidencing or relating to borrowed money to which the Borrower or any Significant Subsidiary is a party or by which any of them or any of their property is or may be bound, in a manner that could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lender, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (E) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture,

agreement or other instrument in a manner that could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby or (F) result in the creation or imposition under any such indenture, agreement or other instrument of any Lien (other than the Lien under the First Mortgage related to the New First Mortgage Bond and the New Supplemental Indenture) upon or with respect to any property or assets now owned or hereafter acquired by the Borrower.

(c) This Amendment has been duly executed and delivered by the Borrower and constitutes, and each other Amendment Document when executed and delivered by the Borrower will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(d) No action, consent or approval of, registration or filing with or other action by any Governmental Authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

(e) The First Mortgage, as modified by the New Supplemental Indenture, constitutes a valid and perfected first-priority Lien on the collateral purported to be encumbered thereby (subject to Liens permitted to exist by the terms of the First Mortgage, as modified by the New Supplemental Indenture), enforceable against all third parties in all jurisdictions, and secures the payment of all obligations of the Borrower under the New First Mortgage Bond, and the execution, delivery and performance of this Amendment and the other Amendment Documents do not adversely affect the Lien of the First Mortgage, as modified by the New Supplemental Indenture.

(f) The representations and warranties set forth in the Credit Agreement and in each other Loan Document are true and correct in all material respects on and as of the Effective Date after giving effect to the Amendment Documents, except (i) for any such representations and warranties qualified by materiality (including Material Adverse Effect), in which case such representations and warranties are true and correct in all respects, or (ii) to the extent that any such representations and warranties expressly relate to an earlier date.

(g) No Default or Event of Default has occurred and is continuing either before or after giving effect to the Amendment Documents.

SECTION 4. Assignment of Loans, LC Disbursements and LC Participations to Reflect Revised Commitments.

(a) On the Effective Date, each Continuing Lender that is increasing its Commitment pursuant hereto (an “**Additional Commitment Lender**”) shall purchase, as an assignment from the Exiting Lender, such portions of the Exiting Lender’s Commitment, Loans, unreimbursed LC Disbursements and participations in Letters of Credit outstanding at such time such that, after giving effect to such assignments, the respective aggregate amount of Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit of

each Additional Commitment Lender shall be equal to its Pro Rata Share (determined by reference to Schedule 2.01 attached hereto) of the aggregate Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit outstanding. The purchase price for the Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit so assigned shall be the sum of (i) the principal amount of the Loans and unreimbursed LC Disbursements so assigned, plus the amount of accrued and unpaid interest thereon as of the date of assignment, (ii) the amount of accrued and unpaid LC Participation Fees as of the date of assignment on the participations in Letters of Credit so assigned and (iii) the amount of accrued and unpaid Facility Fees as of the date of assignment on the Commitments so assigned. Each Additional Commitment Lender shall pay the aggregate purchase price payable by it to the Administrative Agent on the Effective Date, and the Administrative Agent shall promptly forward such payment to the Exiting Lender. Upon payment of the applicable amounts to the Exiting Lender, the Exiting Lender shall automatically be deemed to have sold and made the applicable assignments to the Additional Commitment Lenders and shall be released from its obligations under the Loan Documents, and the Additional Commitment Lenders shall automatically be deemed to have purchased and accepted such assignments from the Exiting Lender.

(b) Without limiting the foregoing, upon the effectiveness of the assignments contemplated by subsection (a) above, (i) the Exiting Lender shall be discharged from its Commitment and other obligations (other than the return of its Note) under the Credit Agreement and shall no longer be a Lender thereunder, (ii) the Borrower, the Administrative Agent and the Issuing Banks shall be deemed to have consented to the assignments effected pursuant to subsection (a) above, and (iii) the Administrative Agent shall record the Commitments, Loans, LC Disbursements and LC Participations of each Additional Commitment Lender and the Exiting Lender as provided in Section 10.04 of the Credit Agreement to reflect such assignments.

SECTION 5. Effect of Amendment on Interest and Fee Rates. Changes in interest rates and fee rates effected by this Amendment shall apply with respect to interest and fees accruing on or after the Effective Date, and interest rates and fee rates in effect before the Effective Date shall apply with respect to interest and fees accrued before the Effective Date.

SECTION 6. Reference to and Effect on Loan Documents.

(a) On and after the Effective Date, (i) each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment, (ii) each reference in the Credit Agreement to “the First Mortgage Bond,” “thereunder,” “thereof,” “therein” or words of like import referring to the First Mortgage Bond shall mean and be a reference to the New First Mortgage Bond, (iii) each reference in the Credit Agreement to “the Supplemental Indenture,” “thereunder,” “thereof,” “therein” or words of like import referring to the Supplemental Indenture shall mean and be a reference to the New Supplemental Indenture, and (iv) each reference in the Credit Agreement to “the Bond Delivery Agreement,” “thereunder,” “thereof,” “therein” or words of like import referring to the Bond Delivery Agreement shall mean and be a reference to the New Bond Delivery Agreement.

(b) Except as specifically contemplated by this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, the First Mortgage, as modified by the New Supplemental Indenture, and all of the collateral described therein do and shall continue to secure the payment of all obligations under the New First Mortgage Bond.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent, any Issuing Bank or any Lender under any of the Loan Documents or constitute a waiver of any provision of any of the Loan Documents, except as expressly provided herein.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or e-mail shall be effective as delivery of an originally executed counterpart of this Amendment.

SECTION 8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 9. Headings. Section headings in this Amendment are for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

[Signature pages follow.]

The parties hereto have caused this Amendment to be executed by their respective duly authorized representatives as of the date first written above.

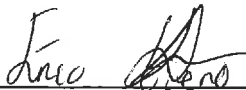
AVISTA CORPORATION

By: _____

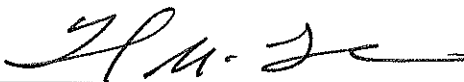
Name: Mark T. Thies

Title: Senior Vice President, Chief Financial Officer &
Treasurer


UNION BANK, N.A., as Administrative Agent, an
Issuing Bank and a Continuing Lender

By: 
Name: Eric Otieno
Title: Vice President


WELLS FARGO BANK, NATIONAL ASSOCIATION,
as an Issuing Bank and a Continuing Lender

By: 
Name: Thomas M. Thoen
Title: Vice President

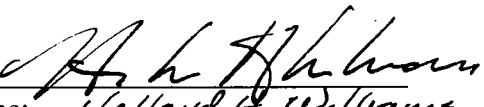
**THE BANK OF NEW YORK MELLON,
as a Continuing Lender**

By: 
Name: MARK W. ROGERS
Title: VICE PRESIDENT


KEYBANK NATIONAL ASSOCIATION,
as a Continuing Lender

By: 
Name: Keven D. Smith
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Continuing Lender

By: 
Name: Holland A. Williams
Title: VP & Portfolio Mgr.

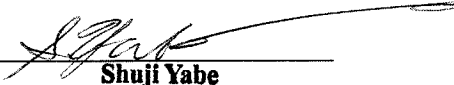
BANK OF AMERICA, N.A., as a Continuing Lender

By: 
Name: Mark Crawford
Title: SVP


JPMORGAN CHASE BANK, N.A.,
as a Continuing Lender

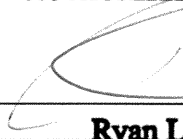
By: John Martin
Name: John Martin
Title: Authorized officer

SUMITOMO MITSUI BANKING CORPORATION,
as a Continuing Lender


By: 
Name: Shuji Yabe
Title: Managing Director

CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as a Continuing Lender

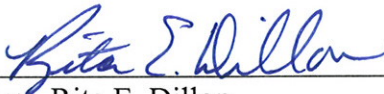
By: 
Name: BILL O'DALY
Title: AUTHORIZED SIGNATORY

By: 
Name: Ryan Long
Title: Authorized Signatory

COBANK, ACB, as a Continuing Lender

By: 
Name: Dave James
Title: Vice President

BANNER BANK, as the Exiting Lender

By: 
Name: Rita E. Dillon
Title: Senior Vice President

SCHEDULE 2.01

Names, Commitments and Addresses of Lenders

<u>Lender</u>	<u>Commitment</u>
Union Bank, N.A. 445 South Figueroa Street Los Angeles, CA 90071 Attention: Bryan Read Telecopy: 213-236-4096	\$60,156,250
Wells Fargo Bank, National Association 601 West 1st Avenue, Suite 900 Spokane, WA 99201 Attention: Tom Beil / Jessy Hummel Telecopy: 866-917-7929	\$60,156,250
The Bank of New York Mellon BNY Mellon Center, Room 3600 Pittsburgh, PA 15258-0001 Attention: Mark W. Rogers Telecopy: 412-236-6112	\$42,500,000
KeyBank National Association 601 108th Avenue Bellevue, WA 98004 Attention: Keven Smith Telecopy: 425-709-4348	\$42,500,000
U.S. Bank National Association 101 South Capitol Boulevard Boise, ID 83712 Attention: Holland Williams Telecopy: 208-383-7574	\$42,500,000
Bank of America, N.A. 800 5th Avenue, Floor 36 WA 1-501-36-06 Seattle, WA 98104 Attention: Mark Crawford Telecopy: 206-585-8638	\$33,725,000

<u>Lender</u>	<u>Commitment</u>
JPMorgan Chase Bank, N.A. 10 South Dearborn Street, Floor 9 Chicago, IL 60603 Attention: John Zur Telecopy: 312-732-1762	\$33,725,000
Sumitomo Mitsui Banking Corporation 277 Park Avenue New York, NY 10172 Attention: Emily Estevez Telecopy: 212-224-4384	\$33,725,000
CoBank, ACB 5500 South Quebec Street Greenwood Village, CO 80111 Attention: Dave James Telecopy: 720-528-6247	\$30,000,000
Credit Suisse AG, Cayman Islands Branch 11 Madison Avenue New York, NY 10010 Attention: William O'Daly Telecopy: 212-743-2254	\$21,012,500
Total:	<u>\$400,000,000</u>



Avista Corporation

Financing Proposal

January 2014

Utilities Loan Market Update - Overview

Issuance

- 2013 volume reached \$84.1BN, driven primarily by "amend & extend" transactions and recasts of facilities syndicated in 2010 and 2011. Recent large IG deals in 2013 were refinancings for:
 - Exelon (\$7.0BN RC)
 - NextEra (\$6.6BN RC)
 - FirstEnergy (\$6.0BN RC)
 - Duke (\$6.0BN RC)

Event Driven

- With just two Bridge Facilities in recent months (TECO / New Mexico Gas and Northwestern / PPL Montana Hydro Assets), event-driven financing in the utilities loan market (NV and UNS) have been financed in the capital markets.
- A number of high profile acquisitions (AGL / Nicor, Duke Energy / Progress Energy, PPL / Central Networks) were announced throughout 2011, but 2012 and 2013 were relatively quiet.
- Smaller transactions that consummated were portfolio asset sales.
- Despite the absence of M&A related volumes in the loan markets, debt capacity from banks and bond markets remains significant.

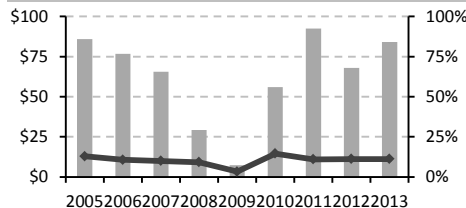
Structure

- 5-year tenors remain the market standard. Extensions were for up to 2 years from existing maturities, but effectively provided Borrowers with a 5-year tenor from close.
- Impending regulatory changes brought some updates to credit agreements, such as to the increased costs provisions and the Use of Proceeds language.
- Covenant packages have remained unchanged.

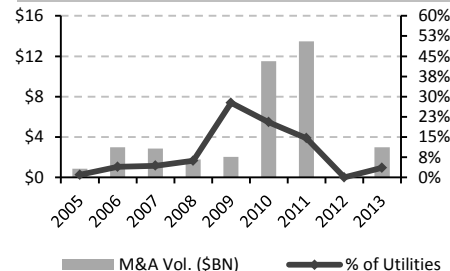
Pricing

- Pricing in the utilities sector has stabilized: Upfront fees have seen some pressure since 2012.
- Average drawn margins for A and BBB rated issuers are L+100 bps and L+150 bps respectively, while undrawn margins are 10 bps and 22.5 bps, respectively.

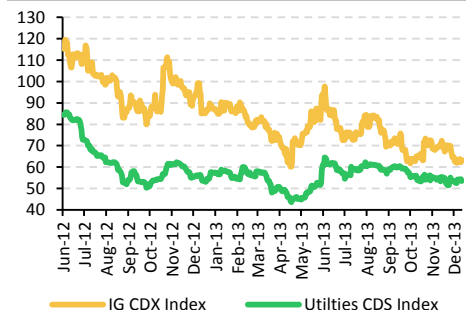
IG Utilities Volume as a Percentage of Overall US Loan Volume



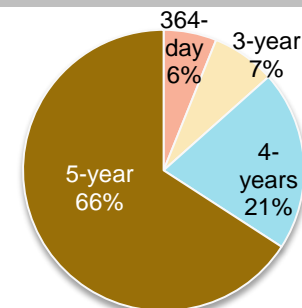
M&A Issuance as a Percentage of Overall Utilities Volume



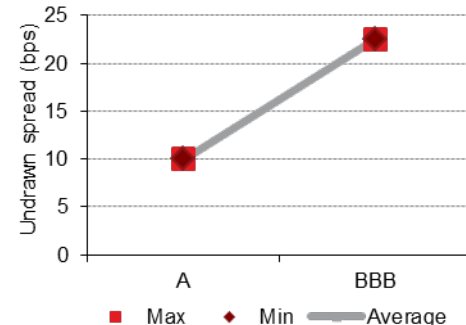
Utilities Pricing Benchmark Relative to Other Investment Grade Corporates



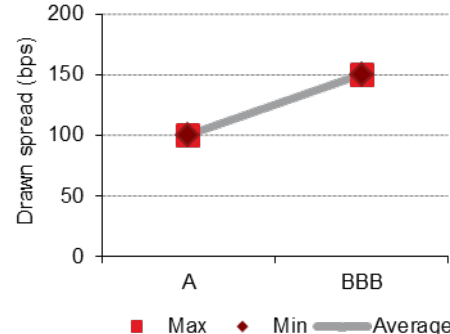
Utilities Volume By Tenor



Utilities Undrawn Pricing (Last 10 Syndicated Deals)

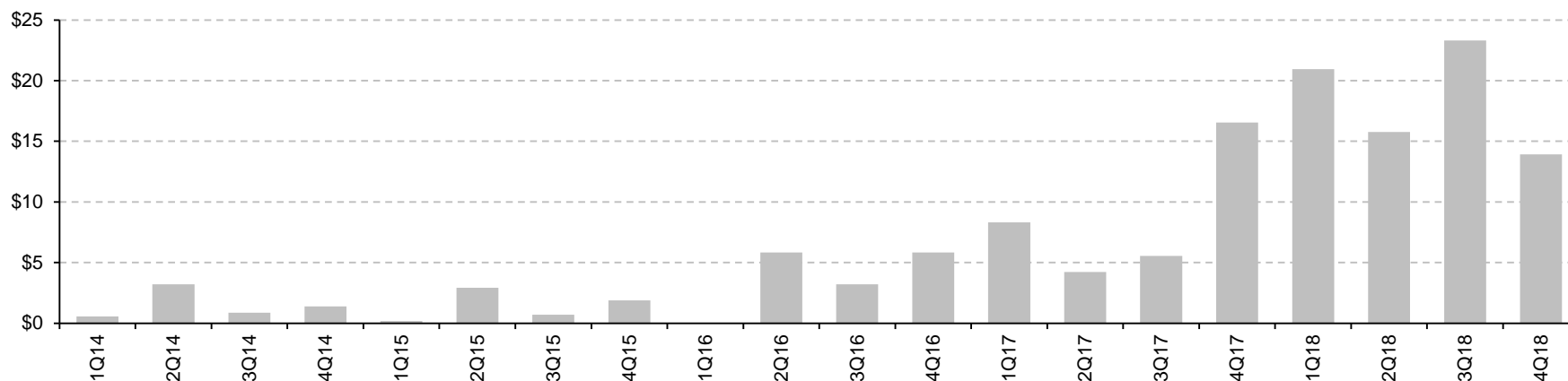


Utilities Drawn Pricing (Last 10 Syndicated Deals)



Source: LPC.















Utilities Loan Market Update – Forward Maturities



	Borrower	Ratings	Facility Size	Type	Tenor	Maturity Date	Year
1	American Electric Power	Baa2 / BBB-	\$1.0BN	TL	2.3-year	May-15	2015
2	Oglethorpe Power	Baa2 / A	\$1.3BN	RC	4-year	Jun-15	
3	American Electric Power	Baa2 / BBB-	\$1.8BN	RC	5-year	Jun-16	2016
4	Oncor Electric Delivery	Baa2 / BBB+	\$2.4BN	RC	5-year	Oct-16	
5	PSEG Power	Baa1 / BBB	\$1.6BN	RC	5-year	Mar-17	2017
6	American Electric Power	Baa2 / BBB-	\$1.8BN	RC	5-year	Jul-17	
7	Consolidated Edison	Baa1 / A-	\$2.3BN	RC	5-year	Oct-17	
8	AGL Capital	Baa2 / BBB+	\$1.3BN	RC	5-year	Nov-17	
9	PPL Energy Supply	Baa2 / BBB	\$3.0BN	RC	5-year	Nov-17	
10	NextEra Energy	Baa1 / A-	\$4.1BN	RC	5-year	Feb-18	2018
11	Florida Power & Light	A2 / A-	\$2.5BN	RC	5-year	Feb-18	
12	Georgia Power	A3 / A	\$1.6BN	RC	5-year	Feb-18	
13	Entergy	Baa3 / BBB	\$3.5BN	RC	5-year	Mar-18	
14	ComEd	Baa2 / BBB	\$1.0BN	RC	5-year	Mar-18	
15	Pacific Gas & Electric	A3 / BBB	\$3.0BN	RC	5-year	Apr-18	
16	Exelon	Baa1 / BBB	\$7.0BN	RC	5-year	Aug-18	
17	CenterPoint Energy	Baa3 / BBB+	\$2.1BN	RC	5-year	Sep-18	
18	NiSource Finance	Baa3 / BBB-	\$2.0BN	RC	5-year	Sep-18	
19	Dominion Resources	Baa2 / A2	\$3.0BN	RC	5-year	Sep-18	
20	Duke Energy	Baa1 / BBB+	\$6.0BN	RC	5-year	Dec-18	

Note: This table only shows deals \geq \$1.0BN.

Recent Comparable Transactions

Borrower	Ratings	Date	Size (\$MM)	Facility		A+ / A1	A / A2	A- / A3	BBB+ / Baa1	BBB / Baa2	BBB- / Baa3	BB+ / Ba1	Upfronts
	BBB+ / A3	In Market	270	4-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	12.5 100.0	15.0 125.0	17.5 150.0	22.5 175.0	30.0 200.0	40.0 225.0	6.0 bps (1-year ext)
	A / Aa3 / AA- BBB+ / Baa1 / A-	In Market	2,500 4,100	5-Yr RC	Undrawn (bps) Drawn (L+bps)	7.5 87.5	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	6.0 bps (1-year ext)
	BBB / Baa2	Jan-14	300	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	-- --	12.5 100.0	17.5 112.5	20.0 125.0	25.0 150.0	30.0 175.0	12.0 bps old money 17.0 bps new money (2-year A&E)
	BBB+ / Baa1 A- / A2 A- / A3	Dec-13	300 400 300	5-Yr RC	Undrawn (bps) Drawn (L+bps)	8.0 87.5	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	6.0 bps (1-year ext)
	BBB+ / Baa1 BBB+ / A2	Dec-13	6,000	5-Yr RC	Undrawn (bps) Drawn (L+bps)	7.5 87.5	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	6.0 bps old money 17.5 bps new money (1-year A&E)
	NR / Baa2	Dec-13	550	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	-- --	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	35.0 200.0	6.0 bps old money 17.5 bps new money (1-year ext)
	A- / A2	Dec-13	650	5-Yr RC	Undrawn (bps) Drawn (L+bps)	7.5 87.5	10.0 100.0	12.5 112.5	17.5 125.0	-- --	-- --	-- --	6.0 bps old money 17.5 bps new money (1-year A&E)
	BBB / Baa3 BBB+ / A3 NR / NR	Dec-13	200 325 125	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	10.0 87.5	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	35.0 200.0	12.0 bps old money (TECO) 17.5 bps new money (TECO) (2-year A&E) 22.5 bps (NM Gas)
	BBB- / Baa3	Dec-13	300	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	-- --	-- --	17.5 125.0	22.5 150.0	27.5 175.0	35.0 200.0	35.0 bps new money
	NR / A3	Dec-13	300	5-Yr RC	Undrawn (bps) Drawn (L+bps)	8.0 87.5	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	5.0 bps (1-year ext)
	BBB / Baa1 / BBB+	Nov-13	300	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	10.0 87.5	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	15.0 bps (A&R)
	BBB+ / Baa1 BBB+ / A3	Nov-13	1,300 700	5-Yr RC	Undrawn (bps) Drawn (L+bps)	8.0 87.5	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	6.0 bps (1-year ext)
	BBB / A3 / BBB+	Oct-13	170	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	10.0 100.0	12.5 112.5	17.5 125.0	22.5 150.0	27.5 175.0	-- --	6.0 bps (1-year ext)
	BBB- / Baa3 / BBB-	Oct-13	150	5-Yr RC	Undrawn (bps) Drawn (L+bps)	-- --	-- --	-- --	17.5 125.0	22.5 150.0	27.5 175.0	35.0 200.0	7.5 bps (1-year ext)

Bank Liquidity

Name		El Paso Electric Company	Alliant Energy	Duke Energy	CMS Energy	Consumers Energy	TECO Energy	People Natural Gas	Northwest Natural Gas Company	NorthWestern Energy	AGL Resources	
Date		Jan-14	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Nov-13	Nov-13	
Ratings-Sr		BBB / Baa2	BBB+ / Baa1	BBB+ / Baa1	NR / Baa2	A- / A2	BBB / Baa3	BBB- / Baa3	NR / A3	BBB / Baa1 / BBB+	BBB+ / Naa1	
Total Deal Size (MM's)		\$300	\$1,000	\$6,000	\$550	\$650	\$650	\$300	\$300	\$300	\$2,000	
Lender Grid	Count	6	13	28	19	19	11	8	8	8	15	
Existing Lenders	MUFG	10	Renewed	Renewed	Renewed	Increased	Increased	Renewed	Increased	Renewed	New	Renewed
	JP Morgan	10	Renewed	Renewed	Renewed	Increased	Increased	Renewed	Increased	Renewed	Renewed	Renewed
	Wells Fargo	9	New	Renewed	Renewed	Increased	Increased	Renewed	Increased	Renewed		Renewed
	US Bank	7	Renewed		Renewed	Increased	Increased			Renewed	Renewed	Renewed
	BAML	7	Exited	Renewed	Renewed	Increased	Increased			Renewed	Renewed	Renewed
	Key Bank	5		Renewed	Renewed	Increased	Increased				Renewed	
	Bank of New York Mellon	4		Renewed	Renewed			Renewed				Renewed
	Credit Suisse	2			Renewed						Renewed	
	CoBank	2	Renewed						Increased			
	UBS	1		Exited	Renewed	Exited	Exited				Exited	
Banner Bank	0											
Potential New Lenders	RBC	7		Renewed	Increased	Increased	New	Increased	Renewed	New		
	RBS	6		Renewed	Renewed	Increased	Increased	Increased			Renewed	
	Fifth Third Bank	6			Renewed	Increased	Increased	Renewed	Increased		Renewed	
	Goldman Sachs	5		New	Renewed	Increased	Increased				Renewed	
	PNC	5			Renewed	Increased	Increased		Increased		Renewed	
	Scotia	5			Renewed	Increased	Increased	Renewed			Renewed	
	SunTrust	5			Renewed	Increased	Increased	Renewed			Renewed	
	Barclays	4		Renewed	Renewed	Increased	Increased					
	Citibank	4		Exited	Renewed	Increased	Increased	Renewed				
	Northern Trust	4		Renewed	Renewed			Renewed			Renewed	
	BNP Paribas/ Bank of the West	3			Renewed	Increased	Increased					
	Morgan Stanley	3			Renewed			Renewed		Exited	Renewed	
	Comerica	3		Renewed		Increased	Increased					
	Mizuho	2		Renewed	Renewed							
	Deutsche Bank	2			Exited	Increased	Increased			Exited		
	TD	2		New								
	Sumitomo	2				Increased	Increased		Renewed			
	CIBC	2							Renewed	New		
	BBVA Compass	2	New		Renewed							
	Credit Agricole	1			Renewed							
	Sovereign (Banco Santander)	1			Renewed							
	Bank of China	1			Renewed							
	BB&T	1										Renewed
	ICBC	1			Renewed							
	Hapoalim	1		New								

Existing and Proposed Terms

	EXISTING DEAL	PROPOSED AMEND AND EXTEND																												
BORROWER:	Avista Corporation	Same																												
SR. SECURED RATINGS:	A- (stable) / A3 (positive)	Same																												
FACILITY:	\$400MM Senior Secured Revolving Credit Facility	Same																												
SECURITY:	First mortgage bonds	Same																												
INCREASE / EXTENSION OPTIONS:	\$100MM	Same / Add 2 one-year extensions																												
TENOR / MATURITY:	5 years / February 2017	5 years / March 2019 (~ two-year extension)																												
PRICING:	<table><tr><th>Level</th><th>S&P / Moody's</th><th>Undrawn</th><th>Drawn</th></tr><tr><td>1</td><td>≥ A / A2</td><td>10.0</td><td>87.5</td></tr><tr><td>2</td><td>A- / A3</td><td>12.5</td><td>100.0</td></tr><tr><td>3</td><td>BBB+ / Baa1</td><td>17.5</td><td>112.5</td></tr><tr><td>4</td><td>BBB / Baa2</td><td>20.0</td><td>125.0</td></tr><tr><td>5</td><td>BBB- / Baa3</td><td>25.0</td><td>150.0</td></tr><tr><td>6</td><td>≤ BB+ / Ba1</td><td>30.0</td><td>175.0</td></tr></table>	Level	S&P / Moody's	Undrawn	Drawn	1	≥ A / A2	10.0	87.5	2	A- / A3	12.5	100.0	3	BBB+ / Baa1	17.5	112.5	4	BBB / Baa2	20.0	125.0	5	BBB- / Baa3	25.0	150.0	6	≤ BB+ / Ba1	30.0	175.0	Same
	Level	S&P / Moody's	Undrawn	Drawn																										
	1	≥ A / A2	10.0	87.5																										
	2	A- / A3	12.5	100.0																										
	3	BBB+ / Baa1	17.5	112.5																										
	4	BBB / Baa2	20.0	125.0																										
	5	BBB- / Baa3	25.0	150.0																										
6	≤ BB+ / Ba1	30.0	175.0																											
COVENANTS:	Max. Debt / Capitalization Ratio: 65%	Same																												
MUFG ROLE / COMMITMENT:	Joint Lead Arranger, Administrative Agent / \$75MM	Same / \$85MM																												
FEES:	<ul style="list-style-type: none">▪ Up-Fronts: 15.0 bps - Old Money, 25.0 bps - New Money (2011)▪ Arranger Fees: \$300k (2010), \$100k (2011) to each Joint Lead	<ul style="list-style-type: none">▪ Up-Fronts: 10.0 – 12.0 bps (Old Money), 17.5 bps (New Money)▪ Arranger Fees: \$150,000 to each Joint Lead																												

Syndication Strategy

(\$ in millions)

LENDER	EXISTING	SYNDICATION STRATEGY			
	Allocation	Title	Invite Level	Commitment	Allocation
Union Bank	\$60.00	Joint Lead Arranger, Administrative Agent	\$85.00	\$85.00	\$70.00
Wells	60.00	Joint Lead Arranger, Syndication Agent	85.00	85.00	70.00
BONY	42.50		50.00	50.00	40.00
Key	42.50		50.00	50.00	40.00
US Bank	42.50		50.00	50.00	40.00
BAML	33.73		50.00	50.00	40.00
JPM	33.73		50.00	50.00	40.00
UBS	33.73		50.00	50.00	40.00
Credit Suisse	21.01		25.00		
CoBank	20.00		25.00	25.00	20.00
Banner Bank	10.31		25.00		
11 Lenders	\$400.0		\$545.00	\$495.00	\$400.00

Bookrunner Capabilities



\$6,000,000,000

Revolving Credit Facility

**Joint Lead Arranger
& Bookrunner**

December 2013



\$1,250,000,000

Revolving Credit Facilities

**Joint Lead Arranger
& Bookrunner**

October 2013



\$2,000,000,000

Revolving Credit Facility

**Joint Lead Arranger
& Bookrunner**

September 2013



\$4,000,000,000

Revolving Credit Facilities

**Active Joint Lead Arranger
& Bookrunner**

July 2013



\$6,000,000,000

Revolving Credit Facility

Joint Lead Arranger & Bookrunner

April 2013



\$2,100,000,000

Revolving Credit Facilities

**Joint Lead Arranger
& Bookrunner**

March 2013



\$4,150,000,000

Revolving Credit Facilities

**Joint Lead Arranger
& Bookrunner**

March 2013



\$500,000,000

Revolving Credit Facility

**Active Joint Lead Arranger,
Joint Bookrunner**

March 2013



\$6,600,000,000

Revolving Credit Facilities

**Joint Lead Arranger
& Bookrunner**

February 2013



\$1,000,000,000

Delayed Draw Term Loan Facility

**Active Joint Lead Arranger
& Bookrunner**

February 2013



JPY44,000,000,000

Term Loan Facility

**Joint Mandated Arranger,
Bookrunner & Admin Agent**

December 2012



\$1,250,000,000

Revolving Credit Facility

**Joint Lead Arranger
& Bookrunner**

December 2012



\$2,100,000,000

Revolving Credit Facility

**Active Joint Lead Arranger
& Bookrunner**

November 2012



\$4,200,000,000

Revolving Credit Facility

**Joint Lead Arranger
& Bookrunner**

October 2012



\$6,400,000,000

Revolving Credit Facilities

**Joint Lead Arranger
& Bookrunner**

August 2012

2013 League Tables

U.S. Loan League Tables (2013)

U.S. Utilities Bookrunner

Rank	Lender	Volume (MM of \$)	Market Share	No. of Deals
1	JP Morgan	20,450	14%	95
2	BAML	17,904	12%	82
3	Wells Fargo	15,261	11%	61
4	RBS	11,865	8%	53
5	MUFG	9,627	7%	51
6	Barclays	11,818	8%	49
7	Citi	14,582	10%	44
8	U.S. Bancorp	2,099	1%	23
9	Credit Suisse	5,402	4%	20
10	Scotiabank	2,940	2%	16
10	KeyBank	2,613	2%	16
12	Goldman Sachs	2,624	2%	15
13	BNP Paribas	2,877	2%	13
13	Morgan Stanley	2,698	2%	13
13	PNC Bank	1,509	1%	13
16	Deutsche Bank	1,966	1%	12
17	UBS	2,631	2%	11
17	RBC	1,754	1%	11
19	CFC	1,925	1%	8
20	Bank of China	1,436	1%	4

U.S. Investment Grade Bookrunner

Rank	Lender	Volume (MM of \$)	Market Share	No. of Deals
1	JP Morgan	195,846	22%	445
2	BAML	154,482	17%	386
3	Wells Fargo	77,929	9%	307
4	Citi	105,601	12%	184
5	RBS	33,901	4%	124
6	U.S. Bancorp	19,963	2%	107
7	Barclays	63,597	7%	100
8	MUFG	33,059	4%	98
9	PNC	11,381	1%	77
10	BNP Paribas	30,819	3%	50
11	HSBC	21,563	2%	41
11	KeyBank	7,949	1%	41
13	Deutsche Bank	16,736	2%	40
14	Morgan Stanley	32,388	4%	33
14	Scotia	9,717	1%	33
16	SunTrust Bank	6,197	1%	32
17	RBC	9,045	1%	31
18	Mizuho	7,519	1%	28
19	Credit Suisse	7,278	1%	21
20	Goldman Sachs	8,208	1%	18

Source: Thomson One.

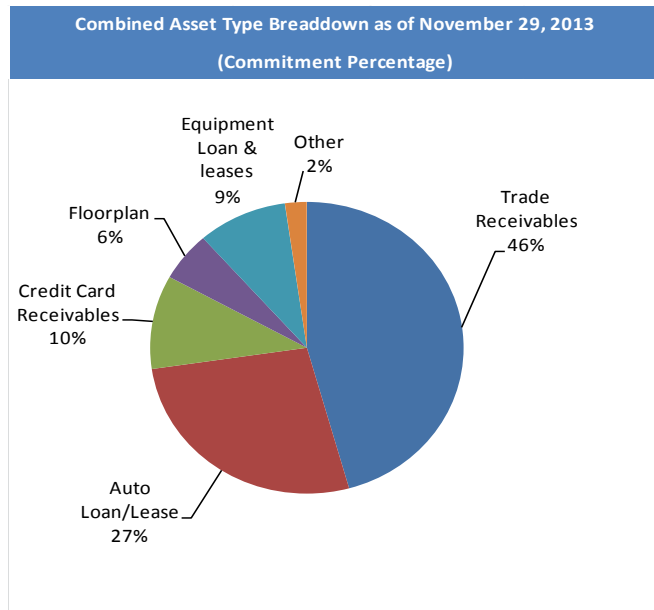
MUFG continues to scale up our resources in the US to deliver optimal financing solutions that meet our clients' needs.
We are a consistent Lead bank with experienced professionals providing dedicated coverage of the utilities sector

MUFG Securitization Capabilities

BTMU Securitization Group - Portfolio

BTMU is a Securitization Market Leader

- BTMU is a recognized leader in the securitization market with over \$28BN in commitments in its U.S. securitization programs, over 125 unique transactions spanning a variety of businesses and a full spectrum of asset classes.
- Commitments to our customers can range from \$50MM up to \$750MM. Average commitments are \$200-300MM.
- BTMU's securitization group uses a relationship driven model designed to provide securitization solutions to our important clients. As a result, you will not see transactional based programs in our portfolio. This model allows BTMU to be a stable provider of asset financing solutions.



The combined asset type chart above includes both of BTMU's ABCP conduits, Victory Receivables Corporation and Gotham Funding Corporation.

10 Largest ABCP Program Administrators - Global as of 3Q2013 (Avg. ABCP Outstandings)			
Rank	Administrator	\$ MM	Market Share
1	JPMorgan Chase Bank	32,767	10.01%
2	Citibank, N.A.	28,840	8.81%
3	Bank of Tokyo-Mitsubishi UFJ	24,913	7.61%
4	DEPFA Bank Plc New York Branch	22,218	6.78%
5	Royal Bank of Canada	19,799	6.05%
6	Credit Agricole	16,011	4.89%
7	TD Securities Inc.	13,663	4.17%
8	HSBC Bank PLC	11,391	3.48%
9	Deutsche Bank AG	10,824	3.31%
10	Société Générale	8,454	2.58%
others		138,610	42.32%
Total		327,490	100%

10 Largest ABCP Program Administrators - U.S. as of 3Q2013 (Avg. ABCP Outstandings)		
Rank	Administrator	\$ MM
1	Citibank, N.A.	28,388
2	JPMorgan Chase Bank	17,654
3	Royal Bank of Canada	12,772
4	Bank of Tokyo-Mitsubishi UFJ Ltd.	12,296
5	Deutsche Bank AG	7,060
6	Bank of Nova Scotia	5,891
7	Barclays Bank, PLC	5,664
8	Rabobank Nederland	5,374
9	Credit Suisse AG	5,298
10	Credit Agricole Corporate and Investment Bank	5,105
others		22,386
Total		127,888

BTMU Securitization Group

- BTMU has significant direct experience as agent and participating in utility related trade receivable facilities.

UTILITY	TRANSACTION SIZE (\$MM)	BTMU COMMITMENT (\$MM)	BTMU ROLE
Electric Utility	300	180	Agent
Gas Utility	275	225	Agent
Gas Utility	75	75	Agent
Gas / Electric Utility	225	225	Agent
Electric Utility	150	150	Agent
Electric Utility	260	260	Agent
Electric Utility	80	80	Agent
Electric Utility	110	110	Agent
Electrical / Gas Utility	800	132	Co-Purchaser
Electric / Gas Utility	250	100	Co-Purchaser
	2,525	1,537	

- BTMU understands of the issues surrounding utility receivables.
 - As a value-added partner, BTMU will bring to the table direct knowledge and will be able to provide the flexibility gained in similar facilities.
- BTMU's goal is to create long-term relationships with our securitization clients and has a transparent solutions based approach to addressing clients needs and requirements.
- BTMU's experience and flexible approach facilitates execution, saving considerable time and resources.

BTMU Securitization Group – BTMU as Agent

BTMU has significant experience as Facility Agent on Securitizations. BTMU looks to bring this experience to our securitization clients whether we are Agent or a Co-Purchaser. In the table below, we present a selection of transactions within our portfolio where BTMU is a Lead Bank/Structure Agent

–BTMU is Lead Bank & Structure Agent on 40% of existing syndicated securitizations for our **non-Japanese** customers in the U.S.

–BTMU is Sole Bank & Structuring Agent on a further 14 non-Japanese transactions.

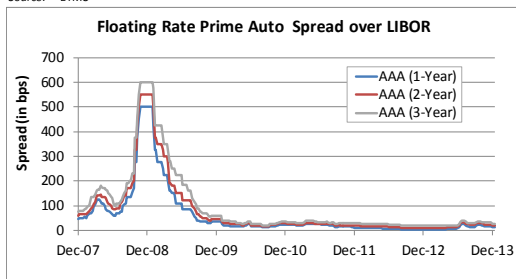
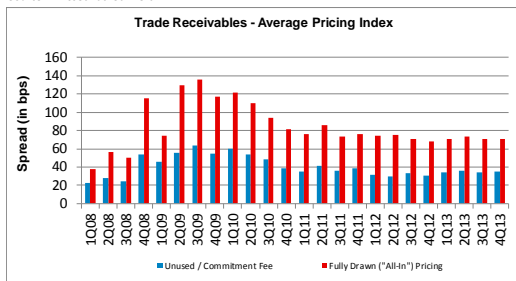
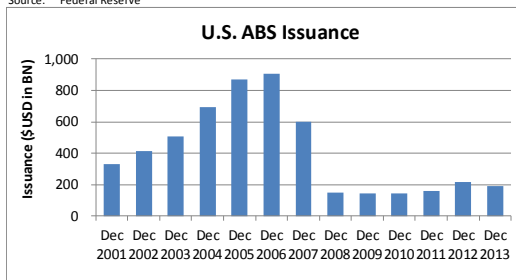
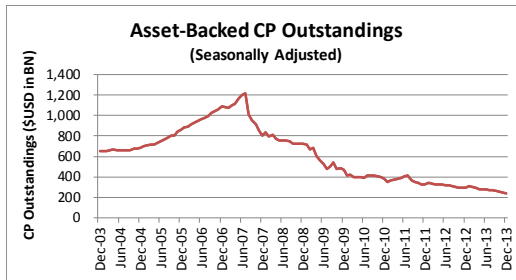
–Having been Agent on numerous securitization facilities, BTMU has in-depth market knowledge on completing purchase transactions across most asset classes and industries, and in particular, the trade receivable asset.

–BTMU is Agent for leading companies across a broad spectrum of industries, the majority of which are Fortune 500 companies.

Industry	Facility Size (\$MM)	BTMU Commitment (\$MM)	S&P	Moody's
Media	1,550	300	BBB	Baa2
Commodities	1,000	500	A	A2
Oil & Gas	1,000	425	BBB	Baa2
Pharmaceuticals	950	400	A-	Baa2
Pharmaceuticals	950	300	A-	Baa2
Media	750	300	A-	A3
Consumer Products	700	300	A	A1
Financial Services	600	225	NR	NR
Healthcare	525	275	BBB+	Baa2
Metals	500	250	BBB-	Ba1
Healthcare	500	300	NR	NR
Pharmaceuticals	400	100	BBB-	Baa3
Transportation	350	117	BBB+	Baa1
Gas	295	155	BBB	Baa2
Utilities	240	192	BBB-	Baa3
Auto Leasing	202	101	A	NR
Chemicals	200	100	BBB+	A3
Consumer Products	200	100	BBB-	Baa3
Manufacturing	200	125	BBB-	Baa2
Building Materials	160	80	BBB-	Baa3
Auto Leasing	150	75	NR	NR
Business Supplies	125	100	BBB-	Baa3
Utilities	300	180	BBB +	Baa1

Securitization Market Overview

Securitization Market Update - Overview



2013 in Review

- Bank arranged securitization activity remained robust in 2013, particularly among trade receivable and auto assets.
- Counterparty diversity resulted in more co-purchase transactions.
- Multi-year structures were the norm, but came under late year pressure.
- Increased use of securitization programs to support acquisitions or strategic initiatives.
- Delay draw language pushed by certain banking groups.
- Bank arranged securitization providers moved beyond basic asset classes.
- Unfunded programs saw reduced liquidity and providers exiting programs.

Volume

- ABCP volumes averaged \$254 billion for the month of December 2013. Many US banks de-emphasized using conduits.
- Capital markets activity tracked below 2012 levels, which was high in 2012 due to strong auto issuance.

Structure and Pricing

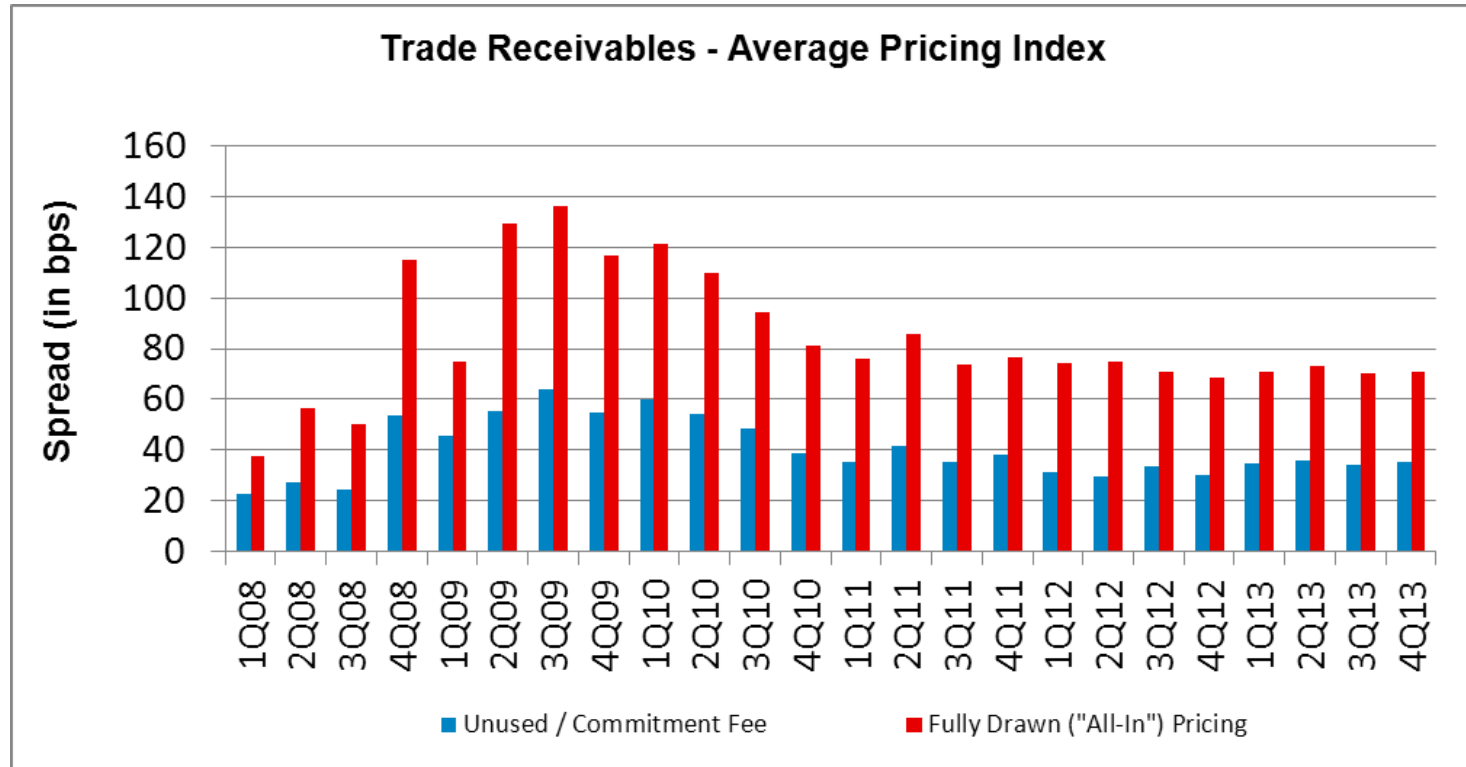
- Receivable deals mostly 3-year, other assets targeting 2-year. Regulatory environment might change multi-year structures.
- Structures predominately AA and A for receivable assets. Assets with capital market comparables (auto and credit card) still mostly AA and AAA structures.
- More receivable facilities being structured to support letters of credit.
- Trade receivable pricing remained flat with 3-year drawn levels around 70bps. Undrawn fees tracking higher for facilities that are largely unfunded.
- Programs with longer tenured assets or multi-year facilities may see higher spreads or stronger emphasis on increased cost language.

Looking Into 2014

- Bank arranged securitization to remain strong. BTMU sees a robust pipeline.
- Trade receivable pricing expected to stay flat in the near future.
- Increased emphasis on potential increased costs given regulatory environment.
- Increasing focus on Basel III implications for transactions.

Concerns and Considerations

- Regulatory changes will continue to impact the market. Basel III and Dodd-Frank dominate the conversations.
- Unfunded programs to become increasingly less attractive.

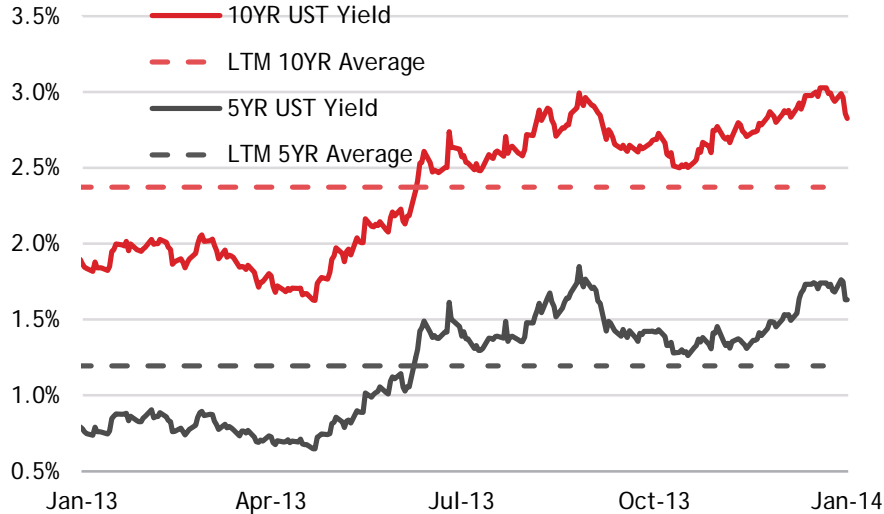


Source: BTMU

USPP Market Overview

Treasury Yields Set to Rise Steadily Throughout 2014...

5-Yr And 10-Yr Treasury Yield, LTM



Source: Bloomberg; as of January 16, 2014

Observations

- Over 2013, the U.S. economy added on average 189k of jobs per month, while the unemployment rate fell from 7.9% to 7.0%
- Q4 was marked by additional positive economic data in the form of new home sales, jobless claims, and consumer confidence, prompting the Fed's long-awaited decision to reduce its LSAP program on December 18th
 - ▶ The Fed will purchase \$5 billion less of both MBS and Treasuries starting in January
- Focus has now shifted to the timeline of a complete end to QE
 - ▶ In his final press conference, Chairman Bernanke spoke about the expectation of similar measured reductions of QE throughout 2014
 - ▶ Treasuries rallied on the committee's anticipation that rates will be kept low, well past the previous threshold of a 6.5% unemployment rate
- On January 10th Change in Nonfarm Payrolls came in below expectations (74K vs. 197K expected)
 - ▶ While the figure was heavily impacted by poor weather in December, Treasury's rallied, sending the 10yr UST down 10bps to 2.87%

Benchmark Interest Rates

	10-Jan	2-Jan	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	0.08%	0.10%	-2 bps	0.10%	0.27%
3-Month Libor	0.24%	0.24%	--	0.24%	0.24%
3-Month Bill	0.04%	0.07%	-3 bps	0.07%	0.06%
UST 2-Year	0.38%	0.40%	-2 bps	0.30%	0.35%
UST 5-Year	1.64%	1.73%	-10 bps	1.45%	1.42%
UST 10-Year	2.88%	3.00%	-12 bps	2.80%	2.69%
UST 30-Year	3.82%	3.93%	-10 bps	3.84%	3.75%
2s to 30s	344	353	-9 bps	354	340

Interest Rate Swap Spreads

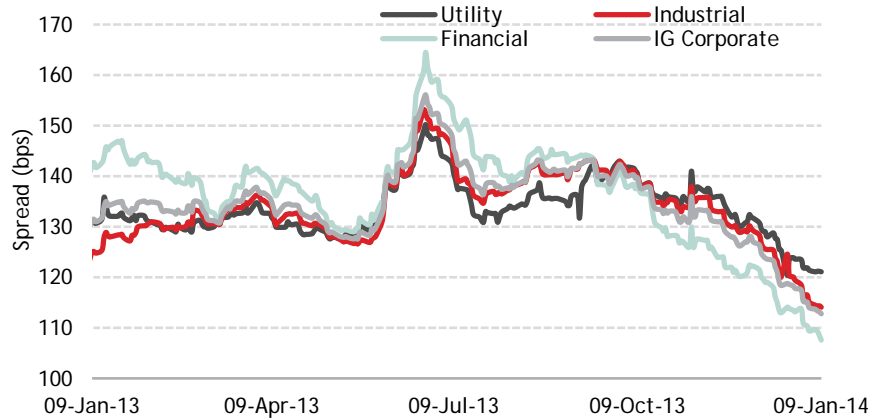
	10-Jan	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	12 bps	25 bps	5 bps	9 bps	13 bps
5-Year	9 bps	25 bps	2 bps	9 bps	15 bps
10-Year	9 bps	27 bps	1 bps	7 bps	14 bps
30-Year	-3 bps	4 bps	-22 bps	-9 bps	-4 bps

Economic Forecasts

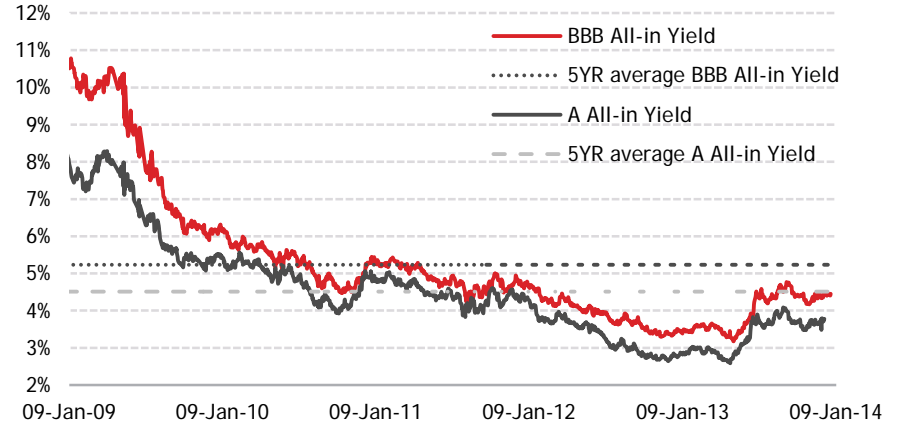
		Q1'14 (E)	Q2'14 (E)	Q3'14 (E)	Q4'14 (E)	Q1'15 (E)
CONSENSUS	US Real GDP (QoQ % SAAR)	1.50	2.60	2.80	2.90	3.00
	US Consumer Price Index (YoY %)	1.30	1.40	1.85	1.80	1.90
	US Core PCE (Annual YoY %)	1.20	1.30	1.60	1.60	1.70
	US Unemployment Rate (%)	7.10	7.00	6.90	6.70	6.60
	US Current Account Balance (%)	-2.35	-2.40	-2.40	-2.40	-2.40
	US Budget Balance (% GDP)	-4.80	-4.50	-3.90	-3.80	-3.80
	Federal Funds Target Rate US	0.25	0.25	0.25	0.25	0.25
	BBA LIBOR USD 3 Month	0.26	0.28	0.31	0.36	0.42
	2-YR Note	0.35	0.41	0.53	0.69	0.89
	10-YR Note	2.83	3.00	3.15	3.29	3.42
MUFG	2-YR Note	0.49	0.56	0.67	0.88	1.04
	10-YR Note	3.25	3.41	3.53	3.72	3.81
	2s/10s Spread	276	285	286	284	277
	Federal Fund Rate	0.25	0.25	0.25	0.25	0.25

...While Credit Spreads Have Remained Insulated, Keeping All-In Funding Costs Relatively Low

Historical Spreads, By Sector



Historical Yields, By Rating



Observations

- Credit was constructive throughout most of the first half of 2013 despite periodic volatility related to the debt ceiling debate/sequester and global economic concerns out of Cyprus and China, supported by continued stimulative Fed policy
- However, speculation over the timing of QE paring weighed on the market throughout the months of May and June
 - ▶ While the technical backdrop of higher Treasury yields would typically be supportive of spreads, significant widening occurred in the early summer months
- Spreads have largely recovered to pre-volatility levels on the Fed's more dovish posturing since May
 - ▶ All-in yields are now off the record lows reached last year, but they tightened as much as 30 bps since the September 18th Fed announcement and remain well below historical averages
 - ▶ The average 'A' all-in yield stands at 3.79%, 128 bps below its 10-year historical average
 - ▶ The average 'BBB' all-in yield currently stands at 4.47%, 120 bps below its 10-year historical average

Credit Spread Summary

	IG Corporate	Financial	Industrial	Utility	Aaa	Aa	A	Baa
Current	113 bps	108 bps	114 bps	121 bps	19 bps	53 bps	80 bps	104 bps
Sep/Q3 Close	142 bps	141 bps	143 bps	143 bps	25 bps	70 bps	107 bps	179 bps
Jun/Q2 Close	152 bps	159 bps	149 bps	147 bps	27 bps	73 bps	118 bps	186 bps
Mar/Q1 Close	136 bps	141 bps	135 bps	133 bps	25 bps	60 bps	101 bps	164 bps
2012 Close	139 bps	151 bps	131 bps	141 bps	20 bps	62 bps	102 bps	168 bps
2011 Close	238 bps	344 bps	185 bps	188 bps	67 bps	141 bps	239 bps	273 bps
2010 Close	159 bps	197 bps	135 bps	146 bps	33 bps	97 bps	149 bps	195 bps
2009 Close	174 bps	229 bps	139 bps	161 bps	37 bps	96 bps	158 bps	223 bps
2008 Close	615 bps	649 bps	531 bps	555 bps	177 bps	354 bps	541 bps	809 bps
2013								
Average	137 bps	141 bps	135 bps	134 bps	22 bps	64 bps	103 bps	167 bps
Median	135 bps	141 bps	135 bps	133 bps	23 bps	62 bps	101 bps	165 bps
High	156 bps	165 bps	153 bps	150 bps	29 bps	76 bps	122 bps	191 bps
Low	128 bps	128 bps	123 bps	128 bps	17 bps	58 bps	93 bps	149 bps

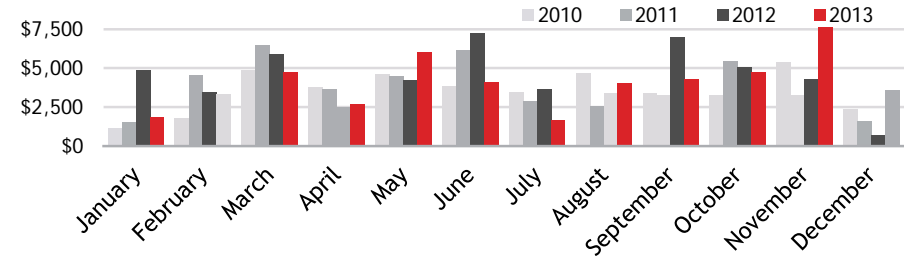
Source: Barclays Capital Indices, Mitsubishi UFJ Securities as of January 9, 2014

2013 Demand for US PP Paper Outstripped Supply

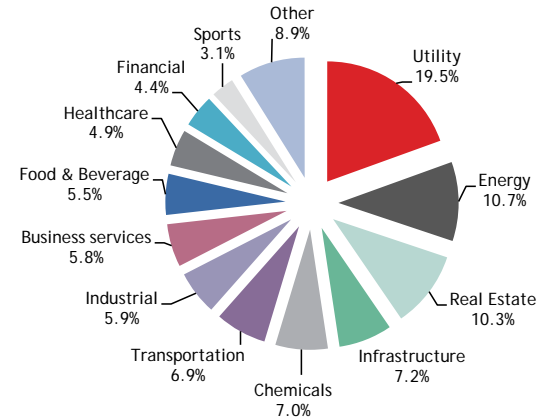
Market Themes

- Investors continue to demonstrate strong demand for the private placement asset class and corporate credit in general
- Volume in December came in at \$3.5 billion across 20 issuers, the highest volume for the month since 2005
 - ▶ The breakdown for domestic vis-a-vis cross-border issuance over the last three months was approximately 36% and 64% for domestic and cross border issuers, respectively
- 2013 volume finished at ~\$51 billion vs. ~\$56 billion for full year 2012
- \$51 billion of issuance in 2013 represented a 9% drop in volume from 2012
 - ▶ Although overall market volume was down slightly the actual number of transactions was up implying average transaction size was smaller
- Throughout 2013 we have saw a good diversification of issuer industries, with historically cyclical sectors (e.g. real estate and industrials) continuing their comeback from the 2010 - 2011 lows

Private Placement Market Volume by Month



FY 2013 Volume by Industry



Recent US PP Transactions

Issuer	Country	Issue Date	Amount (US\$MM)	Rating	Maturity/Avg. Life	Spread (bps) / Coupon (%)	Industry	Comments
Richardson International	Canada	10-Jan-13	259	NAIC-2	7b, 10b, 10b, 12b	210 (CAD), 215 (CAD), 175, 180	Agriculture and food	CAD and USD tranches
Trident Seafoods	U.S.	28-Dec-13	150	NAIC-2	10b	5.86%	Food	Senior secured notes
Texas-New Mexico Power Co	U.S.	27-Dec-13	80	NAIC-2	10b	4.03%	Electric Utility	First Mortgage Bonds
Reventazon Hydroelectric Project	Costa Rica	24-Dec-13	135	Baa3 / BBB-	20f / 14 avg.	8%	Hydroelectric Project	Downsized from 415mm

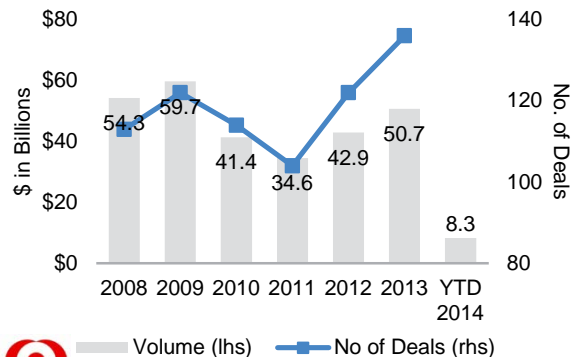
Public New Issuance, Utility Sector

Recent Utility Issues Have Outperformed in Secondary Trading

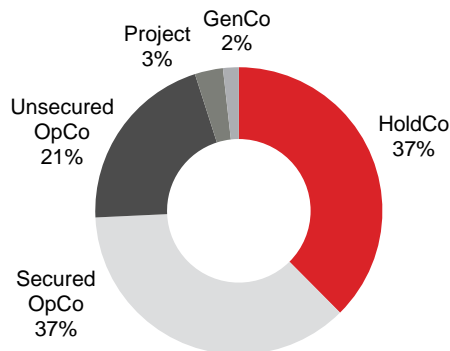
Select Recent Utility Issuance

Date	Issuer	Moody's / S&P	Sec / FMB	Amount (\$MM)	Coupon	Maturity	IPTs	Guidance	IPTs to Pricing	Issue Spread to UST	Current Spread	NIC	Book Size
14-Jan	Electricite de France SA (EDF)	A3 / BBB+		1,500	5.625%	Perpetual	hi 5.00%s	5.75%	-25 bps	n/a	n/a	n/a	3.7x
13-Jan	Electricite de France SA (EDF)	Aa3 / A+		750	3mL+46	20-Jan-17	3mL equiv	3mL equiv	-10 bps	3mL+46 bps	n/a	+4 bps	2.1x
13-Jan	Electricite de France SA (EDF)	Aa3 / A+		1,000	1.150%	20-Jan-17	+65a	+55-60 bps	-10 bps	+55 bps	+53 bps	+4 bps	2.7x
13-Jan	Electricite de France SA (EDF)	Aa3 / A+		1,250	2.150%	22-Jan-19	+90-95 bps	+80-85 bps	-12.5 bps	+80 bps	+77 bps	+9 bps	2.7x
13-Jan	Electricite de France SA (EDF)	Aa3 / A+		1,000	4.875%	22-Jan-44	+140a	+130 bps	-10 bps	+130 bps	+130 bps	+14 bps	2.3x
13-Jan	Electricite de France SA (EDF)	Aa3 / A+		700	6.000%	22-Jan-14	n/a	+240-250 bps	n/a	+240 bps	+237 bps	+49 bps	1.4x
13-Jan	One Gas Inc.	A2 / A-		300	2.070%	01-Feb-19	+60a	+50a	-12 bps	+48 bps	+52 bps	n/a	4.3x
13-Jan	One Gas Inc.	A2 / A-		300	3.610%	01-Feb-24	+90a	+80a	-12 bps	+78 bps	+78 bps	n/a	5.0x
13-Jan	One Gas Inc.	A2 / A-		600	4.658%	01-Feb-44	+105a	+90a	-17 bps	+88 bps	+88 bps	n/a	4.0x
7-Jan	Arizona Public Service Company	Baa1 / A-		250	4.700%	15-Jan-44	+95a	+85a	-12 bps	+83 bps	+82 bps	--	3.4x
6-Jan	Commonwealth Edison Company	A3 / A-	✓	300	2.150%	15-Jan-19	low 60s	+55a	-12.5 bps	+50 bps	+47 bps	--	5.0x
6-Jan	Commonwealth Edison Company	A3 / A-	✓	350	4.700%	15-Jan-44	+100a	+85a	-20 bps	+80 bps	+80 bps	--	4.6x
5-Dec	Ameren Illinois Company	A3 / A	✓	280	4.800%	15-Dec-43	very low 100s	+95a	-17 bps	+93 bps	+76 bps	-8 bps	3.2x
3-Dec	Alabama Power Company	A2 / A		300	3.550%	01-Dec-23	+95a	+85a	-13 bps	+82 bps	+73 bps	-3 bps	5.0x
21-Nov	Dominion Resources, Inc.	Baa2 / BBB+		400	3mL+20	21-Nov-14	n/a	n/a	n/a	3mL+20 bps	n/a	n/a	n/a
19-Nov	Sempra Energy	Baa1 / BBB+		500	4.050%	01-Dec-23	+145a	+140a	-8 bps	+137.5 bps	+113 bps	-2.5 bps	2.2x
19-Nov	Monongahela Power Company	Baa1 / BBB+	✓	400	4.100%	15-Apr-24	hi +160s-170	+145a	-28 bps	+140 bps	+110 bps	--	3.0x
19-Nov	Monongahela Power Company	Baa1 / BBB+	✓	600	5.400%	15-Dec-43	+187.5a	+165a	-28 bps	+160 bps	+120 bps	--	3.0x
18-Nov	DTE Energy Company	Baa1 / BBB		300	3.850%	01-Dec-23	+130a	+120-125	-10 bps	+120 bps	+95 bps	--	5.7x
14-Nov	Black Hills Corporation	Baa2 / BBB		525	4.250%	30-Nov-23	hi 100s	+165a	-28 bps	+160 bps	+120 bps	n/a	4.5x

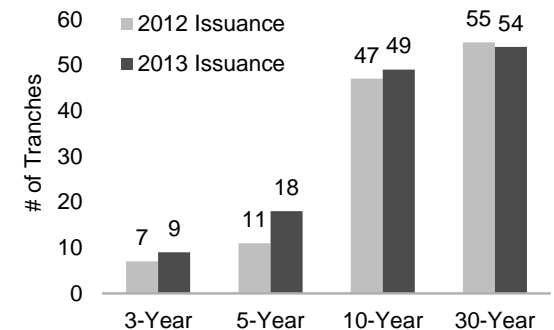
Historical Volume



2013 Volume by Subsector



Tranche Analytics



Recent Sector Related Private Placements...

Recent Sector Related Private Placement Transactions

Issuer	Country	Issue Date	Amount (US\$MM)	Rating	Maturity / Avg. Life	Pricing (bps) / Coupon (%)	Industry	Comments
Texas-New Mexico Power Co	U.S.	27-Dec-13	80	NAIC-2	10b	4.03%	Electric utility	First Mortgage Bonds
Aqua Pennsylvania Inc.	U.S.	10-Dec-13	75	AA-	18b, 32b, 33b	90, 95, 96	Regulated water utility	First Mortgage Bonds
Vermont Gas Systems Inc	U.S.	27-Nov-13	35	NAIC-2	30b	130	Natural gas utility	Quietly done, only shown to limited investors
Green Mountain Power Corp.	U.S.	26-Nov-13	75	A-	15b, 20b, 30b	105, 110, 105	Electric utility	First Mortgage Bonds
Northwestern Corp	U.S.	20-Nov-13	100	A2 / A-	15b, 30b	128, 105	Electric utility	First Mortgage Bonds
East Kentucky Power Cooperative	U.S.	20-Nov-13	200	BBB / BBB+	30f / 15.5avg.	190	Electric Cooperative	First Mortgage Bonds with delayed funding
PNG Companies, LLC	U.S.	7-Nov-13	414	Baa3 / BBB-	4b, 10b, 12b	150, 150, 165	Natural gas utility	Included 3 month delayed draw, over \$1bn in demand, and priced inside of initial guidance
American Transmission Co.	U.S.	24-Oct-13	100	A1 / A+ / A+	15b, 30b	125, 105	Transmission grid	Priced inside initial guidance
Yankee Gas	U.S.	18-Oct-13	100	A3 / A-	30b	110	Natural gas utility	First Mortgage Bonds
Anglian Water Services Limited	U.K.	18-Oct-13	160	BBB	10b	225	Water utility	Class B secured subordinated notes
AEP Transmission	U.S.	17-Oct-13	400	NAIC-2	5b, 10b, 15b, 30b, 30b, 30b	140, 145, 150, 165, 175, 185	Electric utility	Included a 1 year delayed funding
Western Massachusetts Electric Co.	U.S.	16-Oct-13	80		10b	115	Electric utility	
Berkshire Gas Company	U.S.	11-Oct-13	15	Baa2 / BBB	30b	160	Natural gas utility	Deal priced at the tight end of guidance
Connecticut Natural Gas	U.S.	11-Oct-13	45	Baa1 / BBB	15b, 30b	165, 150	Natural gas utility	30-year tranche was added on a reverse inquiry basis

Highlighted deals represent transactions where MUS acted as Joint Lead Placement Agent or Co-Agent

...Will Establish Relative Value for Avista

Avista First Mortgage Bonds (A3 (W: +) / A-)

Private Placement Indicative Pricing as of January 16, 2014*

Maturity or Average Life	5	7	10	12	15	20	30	35	40
Benchmark treasury	1.500% due 12/18	2.375% due 12/20	2.750% due 11/23	2.750% due 11/23	2.750% due 11/23	ICUR20	3.625% due 8/43	3.625% due 8/43	3.625% due 8/43
Treasury yield (%)	1.63	2.28	2.84	2.84	2.84	3.31	3.78	3.78	3.78
Credit spread (bps)	85 - 95	85 - 95	85 - 95	100 - 110	120 - 130	95 - 105	95 - 105	100 - 110	105 - 115
Coupon (%)	2.48 - 2.58	3.13 - 3.23	3.69 - 3.79	3.84 - 3.94	4.04 - 4.14	4.26 - 4.36	4.73 - 4.83	4.78 - 4.88	4.83 - 4.93
Swap rate (%)	1.73	2.36	2.94	3.13	3.43	3.62	3.76	3.76	3.76
Spread to 3m\$L (bps)	76 - 86	77 - 87	75 - 85	70 - 80	61 - 71	64 - 74	97 - 107	102 - 112	107 - 117

*Assumes \$100 million transaction size

Previous Private Placement Transactions

Issuer	Issue Date	Amount (US\$MM)	Rating	Maturity/Avg. Life	Spread (bps)
Avista Corporation	25-May-12	80	A3 / A-	35b	140
Avista Corporation	23-Sep-11	85	Baa2 / BBB	30b	161

The Delayed Settlement Feature is One of the Primary Benefits of the US PP Market

- Extended settlement of transactions (“delayed drawdown”) continues to be offered by US PP investors and has been utilized by many issuers in recent months
- Key factors/considerations include:
 - ▶ Investors agree to a credit spread at the time of bond circle/pricing, and set a coupon as with normally settled trades
 - ▶ This spread/rate can be held for up to 12 months, i.e. the investors are willing to accept all risk of credit spread and interest rate movements for that period
 - ▶ Deals can be sold with delayed and non-delayed tranches in the same transaction (single document)
 - ▶ Investor willingness for delayed funding issues is not universal, and there may be weaker demand for delayed funding issues over a calendar year-end
 - ▶ The cost is generally less expensive for the issuer than hedging (by using a forward starting swap or T-lock)
 - ▶ Current cost savings are illustrated in the table below

Private Placement Savings (assuming 10yr tranche)			
Duration of delay	Private placement investor premium	Forward starting swap premium	Private placement 'savings'
3 months	0 bps	21	21 bps
6 months	10 bps	32	22 bps
9 months	25 bps	44	19 bps

Note: as of January 14, 2014

- MUS has extensive experience in negotiating these delayed funding issues with investors (we have negotiated up to 4 separate fundings in a single deal)
- By putting the cost of the funding delay “up for bid” as a component alongside credit spread and documentation covenants, MUS has had success in maximizing market participation while minimizing cost to the issuer

In the current rate environment, a three-six month delay seems to provide optimal cost/benefit in mitigating negative carry and delayed funding

Mitsubishi UFJ Securities Credentials

Mitsubishi UFJ Securities was a top 10 US PP Agent in 2013....

League Table - 2013 Domestic Private Placements

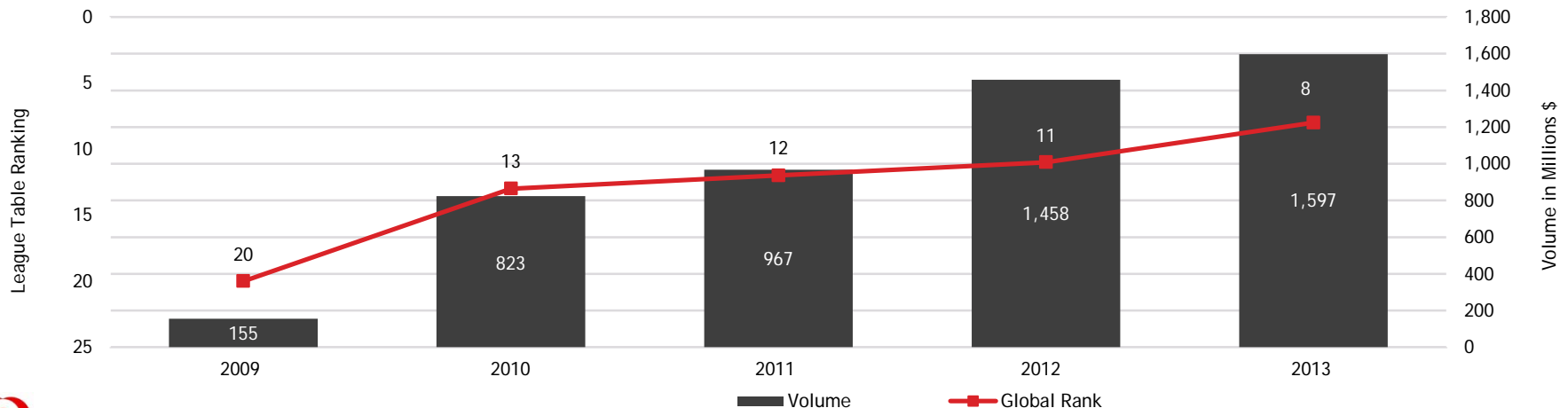
Rank	Agent	Amount (MM of \$)	No. of Issues	% Share
1	Bank of America Merrill Lynch	\$6,908.7	40	32.2%
2	JP Morgan	\$3,957.4	28	18.4%
3	Wells Fargo & Co.	\$1,846.2	17	8.6%
4	Morgan Stanley	\$1,763.3	10	8.2%
5	Citi	\$1,282.8	14	6.0%
6	Mitsubishi UFJ Securities	\$1,261.7	16	5.9%
7	US Bancorp	\$1,192.2	16	5.6%
8	Barclays	\$571.7	5	2.7%
9	KeyBanc Capital Markets	\$508.5	8	2.4%
10	RBC Capital Markets	\$433.5	4	2.0%
11	Goldman Sachs & Co	\$274.5	2	1.3%
12	Deutsche Bank	\$259.3	1	1.2%
13	SunTrust	\$257.5	2	1.2%
		\$21,477.0		

League Table - 2013 Global Private Placements

Rank	Agent	Amount (MM of \$)	No. of Issues	% Share
1	Bank of America Merrill Lynch	\$10,274.4	65	20.2%
2	JP Morgan	\$8,224.2	42	16.2%
3	Citi	\$3,442.3	20	6.8%
4	Barclays	\$3,020.1	20	5.9%
5	RBS	\$2,440.4	18	4.8%
6	Morgan Stanley	\$2,356.9	15	4.6%
7	Wells Fargo & Co.	\$1,846.2	17	3.6%
8	Mitsubishi UFJ Securities	\$1,597.0	20	3.1%
9	US Bancorp	\$1,567.2	17	3.1%
10	Commonwealth Bank of Australia	\$1,295.0	7	2.5%
11	RBC Capital Markets	\$1,199.9	8	2.4%
12	HSBC	\$1,197.3	10	2.4%
13	Deutsche Bank	\$1,176.6	7	2.3%
		\$50,791.0		

....with a growing presence in the market

MUS Private Placement Rankings 2009-2013 (US PP group established mid-2008)



Private Placements ~ Select Transactions

<p>November 2013</p> <p>CSOLAR IV South, LLC</p> <p>USD 319 million Senior Secured Notes due 2038</p> <p>TENASKA</p> <p>Joint Agent</p>	<p>November 2013</p> <p>PNG Companies, LLC</p> <p>USD 414 million Senior Secured Notes due 2018, 2024, 2026</p> <p>PEOPLES A BERKSHIRE COMPANY</p> <p>Joint Agent</p>	<p>November 2013</p> <p>Israel Chemicals Limited</p> <p>USD 275 million Senior Notes due 2021, 2024, 2026</p> <p>ICL</p> <p>Joint Agent</p>	<p>November 2013</p> <p>Peyto Exploration & Development Co.</p> <p>CAD 120 million Senior Notes due</p> <p>PEYTO Exploration & Development Corp.</p> <p>Joint Agent</p>	<p>October 2013</p> <p>American Transmission Company</p> <p>USD 100 million Senior Notes due 2029 and 2044</p> <p>ATC AMERICAN TRANSMISSION COMPANY</p> <p>Joint Agent</p>	<p>October 2013</p> <p>United Illuminating Company</p> <p>USD 75 million Senior Notes due 2023</p> <p>ui The United Illuminating Company</p> <p>Joint Agent</p>
<p>October 2013</p> <p>Connecticut Natural Gas Corp..</p> <p>USD 45 million Senior Notes due 2028, 2043</p> <p>CNG</p> <p>Joint Agent</p>	<p>October 2013</p> <p>Berkshire Gas Company</p> <p>USD 15 million Senior Notes due 2043</p> <p>berkshire gas Energy You Can Count On. People You Can Trust.</p> <p>Joint Agent</p>	<p>September 2013</p> <p>Duquesne Light Company</p> <p>USD 290 million First Mortgage Bonds due 2043, 2054</p> <p>Duquesne Light Our Energy...Your Power</p> <p>Joint Agent</p>	<p>August 2013</p> <p>Entergy River Fuel Funding 3#</p> <p>USD 85 million Intermediate-Term Secured Notes 2018</p> <p>Entergy</p> <p>Joint Agent</p>	<p>August 2013</p> <p>GenConn Energy</p> <p>USD 236.5 million Senior Secured Notes due 2041</p> <p>GenConn energy</p> <p>Joint Agent</p>	<p>July 2013</p> <p>Questar Gas</p> <p>USD 150 million Senior Notes due 2043, 2048</p> <p>QUESTAR Gas</p> <p>Joint Agent</p>
<p>July 2013</p> <p>Borealis AG</p> <p>USD 75 million Senior Notes due 2020, 2023, 2025</p> <p>BOREALIS</p> <p>Joint Agent</p>	<p>June 2013</p> <p>Centennial Energy</p> <p>USD 75million Senior Notes due 2023, 2025, 2028</p> <p>MDU RESOURCES GROUP, INC.</p> <p>Sole Agent</p>	<p>April 2013</p> <p>South Texas Coop</p> <p>USD 350 million First Mortgage Bonds due 2043</p> <p>STEC STREET ENERGY COOPERATIVE</p> <p>Joint Agent</p>	<p>April 2013</p> <p>Costco Wholesale Japan, Ltd</p> <p>¥10 billion Senior Notes due 2023</p> <p>COSTCO WHOLESALE</p> <p>Sole Agent</p>	<p>April 2013</p> <p>North Shore Gas</p> <p>USD 54 million First Mortgage Bonds due 2043</p> <p>NORTH SHORE GAS NATURAL GAS DELIVERY</p> <p>Joint Agent</p>	<p>April 2013</p> <p>Peoples Gas</p> <p>USD 220 million First Mortgage Bonds due 2043</p> <p>PEOPLES GAS NATURAL GAS DELIVERY</p> <p>Joint Agent</p>
<p>January 2013</p> <p>AEP Texas North</p> <p>USD 200 million Senior Unsecured Notes due 2023, 2043</p> <p>AEP TEXAS A Unit of American Electric Power</p> <p>Joint Agent</p>	<p>January 2013</p> <p>Gaz Metro</p> <p>USD 200 million Senior Secured Notes due 2043, 2048</p> <p>GazMétro</p> <p>Joint Agent</p>	<p>November 2012</p> <p>Mid-Kansas</p> <p>USD 175 million Senior Notes due 2042, 2043</p> <p>Mid-Kansas ELECTRIC COMPANY, LLC</p> <p>Joint Agent</p>	<p>November 2012</p> <p>Givaudan US</p> <p>USD 250 million Senior Notes due 2020, 2023, 2025</p> <p>Givaudan</p> <p>Joint Agent</p>	<p>October 2012</p> <p>SBM Offshore</p> <p>USD 500 million Senior Secured Notes due 2027</p> <p>SBM OFFSHORE</p> <p>Joint Agent</p>	<p>September 2012</p> <p>Mars Inc.</p> <p>USD 2,000 million Senior Notes due 2017, 2019, 2022, 2024, 2027</p> <p>MARS incorporated</p> <p>Co-Placement Agent</p>

MUS has been an Active Joint Lead Placement Agent throughout 2012 - 2013 YTD