



## AVISTA CORPORATION

### \$175,000,000 First Mortgage Bonds due 2051 Traditional Private Placement

August 4, 2016

Dear Investor,

On behalf of Avista Corporation (the “Company”), KeyBanc Capital Markets Inc. (“KeyBanc”) and MUFG Securities Americas Inc. (“MUFG”) are pleased to confirm the following circles of the Company’s \$175 million of First Mortgage Bonds due 2051.

The following table provides terms of the offering:

Offering Summary	
Market	Traditional Private Placement
Structure	First Mortgage Bonds
Size	\$175,000,000
Maturity	December 1, 2051
Treasury	2.500% due 2/15/2046
Treasury Yield <sup>(1)</sup>	2.24%
Credit Spread	+ 130 bps
<b>Final Coupon</b>	<b>3.54%</b>
Price	Par
Optional Prepayment	Make whole at T+50 bps anytime prior to 6/1/2051; Callable at par thereafter
Paper Close Date	TBD (targeted end of August)
Funding Date	December 15, 2016
Interest Payment Dates	June 1 and December 1, beginning June 1, 2017

*(1) Sourced from PX1 on Bloomberg; screenshot shown on page 2*

The table below highlights the circles for each investor:

Investors	Amount
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>Total</b>	<b>\$175,000,000</b>

**Transaction Details**

Investor Counsel:

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Paper Closer: Investor Due Diligence: August 8th, 2016 12:00pm ET / 11:00am CT (subject to change)

Please contact one of the KeyBank or MUFG representatives listed below if you have any additional questions or due diligence requests prior to closing. Thanks again for participating in this offering.

Regards,

**KeyBank Capital Markets Inc.**

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United States		1) Actions		3) Settings		Fixed Income Trading			
4) Actives		5) Bills		6) Notes		7) TIPS		8) Strips	
<b>Bills</b>				<b>Bonds</b>					
31) 09/01/16	0.235/0.230	0.233	-0.020	49) 2 1/2 246	105-16+ / 17	2.243	+1-10		
32) 11/03/16	0.265/0.260	0.264	--	50) 2 1/2 546	30YR 105-21 / 22	2.237	+1-10		
33) 02/02/17	0.390/0.385	0.392	-0.010	51) WI 30YR	2.245/2.240		-0.060		
34) 07/20/17	0.485/0.480	0.488	-0.010	<b>TIPS</b>					
<b>Notes</b>				52) 0 1/8 421		101-31+ / 102-01 3/4		-0.309 + 09+	
35) 0 7/8 518	100-13+ / 13 3/4	0.637	+ 01+	53) 0 1/8 726		101-00 1/4 / 101-04		0.012 + 20 1/4	
36) 0 5/8 618	99-30 7/8 / 31 1/8	0.639	+ 01 3/8	54) 1 246		110-22 1/4 / 110-27+		0.598 +2-04+	
37) 0 3/4 718	2YR 100-06+ / 06 3/4	0.643	+ 01+	<b>Curve Trades</b>					
38) 0 7/8 619	100-11+ / 11 3/4	0.745	+ 03 1/4	55) 2yr vs 5yr		37.213 / -37.571		-2.727	
39) 0 3/4 719	3YR 100-00 1/4 / 00+	0.745	+ 03 1/4	56) 2yr vs 10yr		84.015 / -84.582		-3.107	
40) WI 3YR	0.765/0.760		-0.035	57) 5yr vs 10yr		46.840 / -47.172		-0.181	
41) 1 3/8 521	101-24 / 24+	0.999	+ 08+	<b>Other Markets</b>					
42) 1 1/8 621	100-16 / 16+	1.017	+ 08	58) US Long (CBT)		10:51 d 173-25		+1-20	
43) 1 1/8 721	5YR 100-16+ / 16 3/4	1.017	+ 08 1/4	59) 10yr Fut (CBT)		10:51 d 133-02+		+0-16	
44) 1 3/8 623	100-18+ / 19	1.285	+ 12+	60) 5Yr Fut (CBT)		10:51 d 122-04 1/4		+0-08 1/4	
45) 1 1/4 723	7YR 99-22 / 22+	1.295	+ 12+	61) Dow Jones Ind		11:01 18357.082		+2.082	
46) 1 5/8 226	101-08 / 08+	1.482	+ 16+	62) S&P 500 Ind		10:46 d 2163.850		+0.060	
47) 1 5/8 526	10YR 101-07+ / 08	1.487	+ 16	63) NYM WTI Crd		10:51 d 40.800		-0.030	
48) WI 10YR	1.485/0.480		-0.055	64) Gold		11:01 1363.765		+5.565	

