

**Avista Corp.**

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December 9, 2008

State of Washington  
Washington Utilities and Transportation Commission  
1300 Evergreen Park Drive South  
Olympia WA 98504

Attention: Ms. Carole Washburn, Secretary

Docket No. UE - 080182

We are submitting the following information in compliance with the Commission's Order No. 1 under Docket No. UE-080159 for the sale of \$225,000,000 various debt arrangements.

On November 26, 2008, Avista Corporation entered into a 364-day committed line of credit agreement with Union Bank of California, N.A., as Administrative Agent, Wells Fargo Bank, National Association as Syndication Agent, JPMorgan Chase Bank, N.A., as Documentation Agent, KeyBank National Association, SunTrust Bank, U.S. Bank National Association, The Bank of New York Mellon and UBS Loan Finance LLC in the amount of \$200.0 million with an expiration date of November 24, 2009. The committed line of credit is secured by \$200.0 million of non-transferable First Mortgage Bonds of the Company issued to the agent bank. See enclosed Credit Agreement for more details on the transaction.

Please contact Paul Kimball at (509) 495-4584 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Diane Thoren".

Diane C. Thoren  
Assistant Treasurer

Enclosure

2008 DEC 11 AM 8:12  
RECEIVED  
UTILITY AND TRANSPORTATION  
COMMISSION

CREDIT AGREEMENT

dated as of November 26, 2008

among

AVISTA CORPORATION,

THE BANKS PARTY HERETO,

JPMORGAN CHASE BANK, N.A.,  
as Documentation Agent,

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Syndication Agent,

and

UNION BANK OF CALIFORNIA, N.A.,  
as Administrative Agent

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UNION BANK OF CALIFORNIA, N.A. and WELLS FARGO BANK, NATIONAL  
ASSOCIATION,  
as Co-Lead Arrangers and Co-Book Managers

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Exhibit D	Form of Commitment Increase Supplement
Exhibit E	Form of Commitment Extension Supplement
Schedule 2.01	Names, Commitments and Addresses of Initial Banks
Schedule 3.13	Significant Subsidiaries
Schedule 4.02(a)(ii)	Required Governmental Approvals
Schedule 6.01	Existing Secured Indebtedness

CREDIT AGREEMENT, dated as of November 26, 2008, among AVISTA CORPORATION, a Washington corporation, the Banks listed in Schedule 2.01, JPMORGAN CHASE BANK, N.A., as Documentation Agent, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agent, and UNION BANK OF CALIFORNIA, N.A., as Administrative Agent.

The Borrower has requested that the Banks agree to make loans on a revolving credit basis during the period commencing with the date hereof and ending on the Expiration Date (as defined herein) in an aggregate principal amount not in excess of \$200,000,000 at any time outstanding (subject to increase at the election of the Borrower by an aggregate amount not to exceed \$50,000,000, upon satisfaction of certain conditions as hereinafter provided). The proceeds of such borrowings are to be used for general corporate purposes.

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“**ABR**” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“**ABR Borrowing**” shall mean a Borrowing comprised of ABR Loans.

“**ABR Loan**” shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**Administrative Agent**” shall mean UBOC, as administrative agent for the Banks under the Loan Documents, and any successor Administrative Agent appointed pursuant to Section 9.06.

“**Administrative Questionnaire**” shall mean an Administrative Questionnaire in the form of Exhibit C.

“**Affiliate**” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“**Agreement**” shall mean this Agreement, including all exhibits and schedules hereto.

**“Alternate Base Rate”** shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) equal to the greatest of (a) the Reference Rate in effect on such day, (b) the sum of (i) the Federal Funds Effective Rate in effect for such day plus (ii) ½ of 1% and (c) the Eurodollar Rate for an Interest Period of 1 month commencing on such day. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Reference Rate shall be effective on the date such change in the Reference Rate is adopted.

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

Pricing Level	Facility Fee	Eurodollar Margin	ABR Margin
I	0.25%	1.50%	1.50%
II	0.30%	1.70%	1.70%
III	0.35%	1.90%	1.90%
IV	0.40%	2.10%	2.10%
V	0.45%	2.30%	2.30%
VI	0.50%	2.50%	2.50%

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 Fifth Lowest Investment Grade or higher;

“Pricing Level II” will be applicable at any date if, at such date, the Senior Debt Rating is Fourth 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 Third 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 Second 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 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, the Senior Debt Rating is Highest Non-Investment Grade or lower.

In the event that the Borrower’s Senior Debt Ratings are split by one level, the higher rating will apply. In the event the ratings are split by more than one level, the level that is one level below the higher rating will apply.

“*Assignment and Assumption*” shall mean an assignment and assumption agreement entered into by a Bank and an assignee in the form of Exhibit B or such other form as shall be approved by the Administrative Agent.

“*Attributable Debt*” shall mean, in connection with any Sale-Leaseback, the present value (discounted in accordance with GAAP at the discount rate implied in the lease) of the obligations of the lessee for rental payments during the term of the lease.

“*Availability Period*” shall mean the period from and including the date of this Agreement to but excluding the Expiration Date.

“*Avista Utilities*” means (a) prior to the consummation of the Reorganization Transactions, the operating division of the Borrower which represents all the regulated utility operations of the Borrower that are responsible for retail electric and natural gas distribution, electric transmission services and electric generation and production, and (b) from and after the consummation of the Reorganization Transactions, the Borrower.

“*Avista Utilities EBITDA*” means, for any period, (a) Avista Utilities Net Income for such period plus (b) in each case, without duplication and to the extent deducted in computing Avista Utilities Net Income for such period, the sum for such period of (i) income tax expense, (ii) interest expense, (iii) depreciation and amortization expense, (iv) any extraordinary or non-recurring losses and (v) other non-cash items reducing Avista Utilities Net Income for such period, minus (c) in each case, without duplication and to the extent added in computing Avista Utilities Net Income for such period, the sum of for such period of (i) any extraordinary or non-recurring gains and (ii) other non-cash items increasing Avista Utilities Net Income for such period, all as determined in accordance with GAAP.

“*Avista Utilities Interest Expense*” means, for any period, interest expense of Avista Utilities for such period determined in accordance with GAAP.

“*Avista Utilities Net Income*” means, for any period, the net income or loss of Avista Utilities for such period determined in accordance with GAAP.

“*Bank*” shall mean (a) any person listed on Schedule 2.01 and (b) any person that has been assigned any or all of the rights or obligations of a Bank pursuant to Section 10.04.

“*Board*” shall mean the Board of Governors of the Federal Reserve System of the United States.



**“Bond Delivery Agreement”** shall mean the Bond Delivery Agreement, dated as of November 26, 2008, between the Borrower and the Administrative Agent.

**“Borrower”** shall mean Avista Corporation, a Washington corporation, and its successors and assigns.

**“Borrowing”** shall mean a group of Loans of the same Type made on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

**“Business Day”** shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of California or the State of New York) on which banks are open for business in Los Angeles and New York City; provided that when used in connection with a Eurodollar Loan the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in dollars in the London interbank market.

**“Capital Lease Obligations”** of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

**“Change in Control”** means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of shares representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower; or (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; provided, that no event described in clause (a) or clause (b) shall constitute a “Change in Control” if, immediately after giving effect to the transaction that would otherwise constitute a Change in Control, the Senior Debt Rating assigned by two nationally recognized credit rating agencies is equal to or higher than Lowest Investment Grade.

**“Closing Date”** shall mean the date on which the conditions precedent set forth in Sections 4.01 and 4.02 are first satisfied or waived.

**“Code”** shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

**“Commitment”** shall mean, with respect to each Bank, (a) (i) in the case of a Bank listed on Schedule 2.01, the amount set forth opposite such Bank’s name under the heading “Commitment” on such Schedule and (ii) in the case of a Bank that becomes a Bank pursuant to an assignment under Section 10.04, the amount specified as assigned to such Bank in the Assignment and Assumption pursuant to which such Bank becomes a Bank, in each case, as the same may be reduced from time to time pursuant to Section 2.09(b), increased from time to time

pursuant to Section 2.09(c), or reduced or increased from time to time pursuant to assignments in accordance with Section 10.04, or (b) as the context may require, the obligation of such Bank to make Loans in an aggregate unpaid principal amount not exceeding such amount.

**“Commitment Extension Supplement”** shall have the meaning assigned to such term in Section 2.19(e).

**“Consolidated Total Capitalization”** on any date means the sum, without duplication, of the following with respect to the Borrower and its consolidated subsidiaries: (a) total capitalization as of such date, as determined in accordance with GAAP, (b) the current portion of liabilities which as of such date would be classified in whole or part as long-term debt in accordance with GAAP (it being understood that the noncurrent portion of such liabilities is included in the total capitalization referred to in clause (a)), (c) all obligations as lessee which, in accordance with GAAP, are capitalized as liabilities (including the current portion thereof), and (d) all other liabilities which would be classified as short-term debt in accordance with GAAP.

**“Consolidated Total Debt”** on any date means the sum, without duplication, of the following with respect to the Borrower and its consolidated subsidiaries: (a) all liabilities which as of such date would be classified in whole or in part as long-term debt in accordance with GAAP (including the current portion thereof), (b) all obligations as lessee which, in accordance with GAAP, are capitalized as liabilities (including the current portion thereof), (c) all other liabilities which would be classified as short-term debt in accordance with GAAP, and (d) all Guarantees of or by the Borrower.

**“Control”** shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

**“Current Expiration Date”** shall have the meaning assigned to such term in Section 2.19(a).

**“Default”** shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

**“dollars”** or **“\$”** shall mean lawful money of the United States of America.

**“Equity Interests”** shall mean shares of stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a person, and all options, warrants or other rights to acquire any such equity ownership interests in a person.

**“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

**“ERISA Affiliate”** shall mean any trade or business (whether or not incorporated) that is a member of a group of which the Borrower is a member and which is treated as a single employer under Section 414 of the Code.

**“Eurodollar,”** when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Eurodollar Rate.

**“Eurodollar Borrowing”** shall mean a Borrowing comprised of Eurodollar Loans.

**“Eurodollar Loan”** shall mean any Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Article II.

**“Eurodollar Rate”** shall mean, for any Interest Period, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to (a) the rate appearing on Bloomberg screen BBAM (or any successor thereto) as the London interbank offered rate for deposits in dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period (provided, however, if more than one such rate is specified on Bloomberg screen BBAM, the applicable rate shall be the arithmetic mean of all such rates), multiplied by (b) the Statutory Reserve Rate. If, for any reason, the rate specified in clause (a) above is not available for any Interest Period, there shall be substituted for such rate, for such Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate determined by the Administrative Agent to be the offered rate on another page or service that displays an average British Bankers Association Interest Settlement Rate for deposits in dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period. In the event that the rates referenced in clause (a) above and in the preceding sentence are not available, there shall be substituted for the rate specified in clause (a) above the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate that would be offered to first-class banks in the London interbank market by UBOC for deposits (for delivery on the first day of the relevant Interest Period) in dollars of amounts in same-day funds comparable to the principal amount of the applicable Loan by UBOC for which the Eurodollar Rate is then being determined with maturities comparable to such Interest Period as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

**“Event of Default”** shall have the meaning assigned to such term in Article VII.

**“Existing Commitments”** shall have the meaning assigned to such term in Section 2.19(c).

**“Expiration Date”** shall mean November 24, 2009 or any later date to which such date (or any subsequent Expiration Date) shall have been extended pursuant to Section 2.19.

**“Facility Fee”** shall have the meaning assigned to such term in Section 2.05(a).

***“Federal Funds Effective Rate”*** shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as reported on such Business Day by the Federal Reserve Bank of New York, or, if such rate is not so reported for any day that is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

***“Fees”*** shall mean the Facility Fee and the other fees referred to in Section 2.05.

***“Fifth 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 Fourth Lowest Investment Grade.

***“Financial Officer”*** of any corporation shall mean the chief financial officer or treasurer of such corporation.

***“Financing Subsidiary”*** shall mean any Subsidiary of the Borrower created specifically and solely for the purpose of providing financing directly to the Borrower (and no other Subsidiary of the Borrower or other person) through the issuance by such Subsidiary of debt or equity securities.

***“First Mortgage”*** shall mean the Mortgage and Deed of Trust dated as of June 1, 1939, made by the Borrower in favor of Citibank, N.A., as successor trustee, as the same has been amended, modified or supplemented to date and as the same may be further amended, modified or supplemented from time to time hereafter.

***“First Mortgage Bond”*** shall mean a first mortgage bond of the Forty-third Series issued to the Administrative Agent on the Closing Date under a Supplemental Indenture, in a principal amount equal to the total Commitments on the date of execution and delivery of this Agreement, or any first mortgage bond issued under a Supplemental Indenture to the First Mortgage in substitution for a First Mortgage Bond, in each case in connection with a reduction or increase in the total Commitments pursuant to Section 2.09(b) or (c).

***“Fourth 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 Third Lowest Investment Grade but lower than Fifth Lowest Investment Grade.

***“GAAP”*** shall mean generally accepted accounting principles, applied on a consistent basis.

**“Governmental Authority”** shall mean, whether domestic or foreign, any national, federal, state or local government, any political subdivision thereof, or any governmental, quasi-governmental, judicial, public or statutory agency, authority, instrumentality, body or entity, including any central bank and any comparable authority.

**“Guarantee”** of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the **“primary obligor”**) in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or to advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term **“Guarantee”** shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

**“Highest Non-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 highest rating granted by the applicable credit-rating agency which is generally not treated as **“investment grade”** in the ratings regime of that credit-rating agency.

**“Indebtedness”** of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional-sale or other title-retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, but limited, if such obligations are without recourse to such person, to the lesser of the principal amount of such Indebtedness or the fair-market value of such property, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the amount that would be payable upon the acceleration, termination or liquidation thereof) and (j) all obligations of such person as an account party in respect of letters of credit and bankers’ acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

**“Interest Payment Date”** shall mean (a) in the case of any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and (b) in addition,

in the case of a Eurodollar Loan that is part of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing.

**"Interest Period"** shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on, as the Borrower may elect, the date 2 weeks thereafter or the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, and (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing and ending on the earlier of (i) the next succeeding March 31, June 30, September 30 or December 31 and (ii) the Expiration Date; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

**"Investment"** by any person shall mean (a) the purchase or other acquisition of any Equity Interest in any other person, (b) any loan, advance or extension of credit to any other person, (c) any contribution to the capital of any other person, (d) any Guarantee of the liabilities of any other person or (e) any other investment in any other person.

**"Lien"** shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional-sale agreement, capital lease or title-retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

**"Loan Documents"** shall mean this Agreement, the First Mortgage Bond, the First Mortgage, the Supplemental Indenture, the Bond Delivery Agreement, any Notes and the agreement between the Borrower and the Administrative Agent referred to in Section 2.05(b).

**"Loans"** shall mean loans made by the Banks to the Borrower pursuant to this Agreement.

**"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 lowest rating granted by the applicable credit-rating agency which is generally treated as "investment grade" in the ratings regime of that credit-rating agency.

**"Margin Stock"** shall have the meaning given such term under Regulation U.

**"Material Adverse Effect"** shall mean an effect on the business, assets, operations or financial condition of the Borrower and the Subsidiaries taken as a whole which could reasonably be expected to have a material adverse effect on the creditworthiness of the Borrower.

“**Notes**” shall mean any promissory notes of the Borrower, substantially in the form of Exhibit A, evidencing Loans, as may be delivered pursuant to Section 2.04.

“**PBGC**” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**person**” shall mean (a) a corporation, association, partnership, trust, limited liability company, organization, business or individual or (b) a Governmental Authority.

“**Plan**” shall mean any pension plan subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of the Borrower or any ERISA Affiliate.

“**Plan of Exchange**” shall mean the Plan of Share Exchange, dated as of February 13, 2006, between the Borrower and AVA Formation Corp., a Washington corporation.

“**Pro Rata Share**” shall mean, with respect to any Bank, the percentage of the total Commitments represented by such Bank’s Commitment. If the Commitments have terminated or expired, the Pro Rata Shares of the Banks shall be determined based upon the Commitments most recently in effect.

“**Reference Rate**” shall mean the variable rate of interest per annum established by UBOC from time to time as its “reference rate.” Such “reference rate” is set by UBOC as a general reference rate of interest for “prime” commercial lending transactions, taking into account such factors as UBOC may deem appropriate, it being understood that many of UBOC’s commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate actually charged to any customer and that UBOC may make various commercial or other loans at rates of interest having no relationship to such rate. For purposes of this Agreement, each change in the Reference Rate shall be effective as of the opening of business on the date announced as the effective date of any change in such “reference rate.”

“**Register**” shall have the meaning given to such term in Section 10.04(c).

“**Regulation D**” shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof and shall include any successor or other regulation or official interpretation of the Board relating to reserve requirements applicable to member banks of the Federal Reserve System.

“**Regulation U**” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“**Regulation X**” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Renewing Bank”** shall have the meaning assigned to such term in Section 2.19(a).

**“Reorganization Transactions”** shall mean the reorganization transactions described in the AVA Formation Corp. Registration Statement under the Securities Act of 1933 on Form S-4, filed on February 15, 2006, Registration No. 333-131872, under the heading “Holding Company Proposal,” including the Share Exchange and the Avista Capital Dividend, in each case as defined in said Registration Statement, as amended by Amendment No. 1 thereto filed on March 23, 2006.

**“Reportable Event”** shall mean any reportable event as defined in Section 4043(b) 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).

**“Required Banks”** shall mean, at any time, Banks having Revolving Credit Exposures representing more than 50.0% of the aggregate Revolving Credit Exposures or, if there shall be no Revolving Credit Exposure, Banks having Commitments representing more than 50.0% of the aggregate Commitments.

**“Responsible Officer”** of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

**“Revolving Credit Exposure”** shall mean, with respect to any Bank at any time, the sum of the outstanding principal amount of such Bank’s Loans at such time.

**“RTO Transaction”** shall mean any sale, transfer or other disposition of transmission assets entered into in connection with the formation of a regional transmission organization pursuant to or in a manner consistent with regulatory requirements applicable to the Borrower.

**“Sale-Leaseback”** shall mean any arrangement whereby any person shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

**“Second 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 Lowest Investment Grade but lower than Third Lowest Investment Grade.

**“Senior Debt Rating”** means, as of any date of determination, as of the close of business on such date, the rating assigned to the Borrower’s most senior secured public Indebtedness by a nationally recognized credit-rating agency selected by the Borrower,



reasonably approved by the Administrative Agent and not objected to by the Required Lenders within five Business Days following notice of such designation.

**“Significant Subsidiary”** shall mean a Subsidiary meeting any one of the following conditions: (a) the investments in and advances to such Subsidiary by the Borrower and the other Subsidiaries, if any, as at the end of the Borrower’s latest fiscal quarter exceeded 10% of the total assets of the Borrower and its Subsidiaries at such date, computed and consolidated in accordance with GAAP; or (b) the Borrower’s and the other Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of such Subsidiary as at the end of the Borrower’s latest fiscal quarter exceeded 10% of the total assets of the Borrower and its Subsidiaries at such date, computed and consolidated in accordance with GAAP; or (c) the equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary for the period of four consecutive fiscal quarters ending at the end of the Borrower’s latest fiscal quarter exceeded 10% of such income of the Borrower and its Subsidiaries for such period, computed and consolidated in accordance with GAAP; or (d) such Subsidiary is the parent of one or more Subsidiaries and together with such Subsidiaries would, if considered in the aggregate, constitute a Significant Subsidiary.

**“Statutory Reserve Rate”** shall mean a fraction, expressed as a decimal, the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including for any marginal, special, emergency or supplemental reserves), expressed as a decimal, established by the Board and to which UBOC is subject for Eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). Such reserve percentages shall include those imposed pursuant to Regulation D. Eurodollar Loans shall be deemed to constitute Eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that might be available from time to time to any Bank under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any applicable reserve percentage.

**“subsidiary”** shall mean, for any person (the **“Parent”**), any corporation, limited liability company, partnership or other entity of which securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, limited liability company, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, limited liability company, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) are at the time directly or indirectly owned or controlled by the Parent or one or more of its subsidiaries or by the Parent and one or more of its subsidiaries.

**“Subsidiary”** shall mean a subsidiary of the Borrower.

**“Supplemental Indenture”** shall mean the Forty-third Supplemental Indenture, dated as of November 1, 2008, between the Borrower and Citibank, N.A., as trustee under the First Mortgage, or any supplemental indenture to the First Mortgage, in form and substance

satisfactory to the Administrative Agent, pursuant to which a First Mortgage Bond is issued in substitution for a First Mortgage Bond, in connection with a reduction or increase in the total Commitments pursuant to Section 2.09(b) or (c).

**“Terminating Bank”** shall have the meaning assigned to such term in Section 2.19(c).

**“Third 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 Second Lowest Investment Grade but lower than Fourth Lowest Investment Grade.

**“Transactions”** shall have the meaning assigned to such term in Section 3.02.

**“Type,”** when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, **“Rate”** shall mean, in the case of a Loan or Borrowing, the Eurodollar Rate or the Alternate Base Rate.

**“UBOC”** shall mean Union Bank of California, N.A.

Section 1.02 Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP as in effect at that time. Financial statements and other information required to be delivered by the Borrower to the Administrative Agent and the Banks pursuant to Section 5.04 shall be prepared in accordance with GAAP as in effect at the time of such preparation, and calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with GAAP as in effect at the time of such preparation. If the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Banks request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, such provision shall be interpreted on the basis of GAAP as in effect at that time until such provision is amended in accordance herewith.

ARTICLE II  
THE CREDITS

Section 2.01 Commitments.

(a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank agrees, severally and not jointly, to make Loans to the Borrower, at any time and from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (a) the Revolving Credit Exposure of any Bank exceeding such Bank's Commitment or (b) the total Revolving Credit Exposures exceeding the total Commitments. Within the limits set forth in the preceding sentence, the Borrower may borrow, pay or prepay, and reborrow Loans during the Availability Period, subject to the terms, conditions and limitations set forth herein.

Section 2.02 Loans.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Banks ratably in accordance with their Commitments. The failure of any Bank to make any Loan required to be made hereunder shall not in itself relieve any other Bank of its obligation to lend hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to make any Loan required to be made by such other Bank). The Loans comprising each Borrowing shall be in the aggregate principal amount of \$1,000,000 or a whole-integer multiple of \$100,000 in excess thereof.

(b) Subject to Section 2.08, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans, as the Borrower may request pursuant to Section 2.03. Each Bank may at its option fulfill its Commitment with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Bank to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement or any applicable Note. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than eight separate Eurodollar Loans of any Bank being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to paragraph (e) below, each Bank shall make a Loan in the amount of its Pro Rata Share of each Borrowing on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in Los Angeles, California, not later than 11:00 a.m., Pacific time, and the Administrative Agent shall by 1:00 p.m., Pacific time, make available to the Borrower in immediately available funds the amounts so received (i) by wire transfer for credit to the account of the Borrower with Wells Fargo Bank, National Association bearing Account Number 41688 14770; ABA # 121000248, re: Avista Corp. or (ii) as otherwise specified by the Borrower in its notice of Borrowing or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Banks. Unless the Administrative Agent shall

have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's portion of such Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Expiration Date.

(e) The Borrower may refinance all or any part of any Borrowing with a new Borrowing of the same or a different Type, subject to the conditions and limitations set forth in this Agreement. Any Borrowing or part thereof so refinanced shall be deemed to be repaid or prepaid in accordance with Section 2.04 or 2.10, as applicable, with the proceeds of the new Borrowing, and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Banks to the Administrative Agent or by the Administrative Agent to the Borrower pursuant to paragraph (c) above.

### Section 2.03 Notice of Borrowings.

(a) To request a Borrowing, the Borrower shall give the Administrative Agent notice thereof (a) in the case of a Eurodollar Borrowing, not later than 9:00 a.m., Pacific time, three Business Days before a proposed borrowing and (b) in the case of an ABR Borrowing, not later than 9:00 a.m., Pacific time, the day of a proposed borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify (i) whether the Borrowing then being requested is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If the Borrower shall not have given notice in accordance with this Section 2.03 of its election to refinance a Borrowing or given notice to the Administrative Agent not later than 9:00 a.m., Pacific time, on the last day of the Interest Period applicable to such Borrowing that it will not refinance such Borrowing, then the Borrower shall be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The

Administrative Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.03 and of each Bank's portion of the requested Borrowing.

Section 2.04 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay each Bank the then unpaid principal amount of each Loan of such Bank on the last day of the Interest Period applicable to such Loan and on the Expiration Date. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.06.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Bank resulting from each Loan made by such Bank, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount and date of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal, interest or fees due and payable or to become due and payable from the Borrower to each Bank hereunder and (iii) the amount of any principal, interest or fees received by the Administrative Agent hereunder for the account of the Banks and each Bank's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Bank or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Bank may request that Loans made by it be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Bank a Note payable to the order of such Bank (or, if requested by such Bank, to such Bank and its registered assigns). Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more Notes in such form payable to the order of the payee named therein (or, if such Note is a registered Note, to such payee and its registered assigns).

Section 2.05 Fees.

(a) The Borrower agrees to pay to each Bank, through the Administrative Agent, on the first Business Day of January, April, July and October of each year and on the date on which the Commitment of such Bank shall be reduced or terminated as provided herein, a facility fee at the Applicable Rate (a "**Facility Fee**") on the daily amount of the Commitment of such Bank during the preceding quarter (or shorter period commencing with the date hereof or ending with the Expiration Date or the date on which the Commitment of such Bank shall be reduced or terminated). The Facility Fees shall accrue on each day at a rate per annum equal to the Applicable Rate in effect on such day. All Facility Fees shall be computed on the basis of a

year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Facility Fee due to each Bank shall commence to accrue on the date of this Agreement and shall cease to accrue on the date on which the Commitment of such Bank shall be terminated as provided herein.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, the fees separately agreed between the Administrative Agent and the Borrower.

(c) Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.06 Interest on Loans.

(a) Subject to the provisions of Section 2.07, the Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) Subject to the provisions of Section 2.07, the Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement.

(d) Interest computed on the basis of the Alternative Base Rate (including interest payable on overdue amounts under Section 2.07) shall be computed on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days elapsed so long as the Reference Rate is the applicable rate for calculation of the Alternate Base Rate, and on the basis of a year of 360 days for the actual number of days elapsed so long as the Federal Funds Effective Rate is the applicable rate for calculation of the Alternate Base Rate. Interest computed on the basis of the Eurodollar Rate (including interest payable on overdue amounts under Section 2.07) shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

(e) The applicable Alternate Base Rate or Eurodollar Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.07 Default Interest. If the Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due under the Loan Documents, by acceleration or otherwise, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate plus 2% (except that the interest rate applicable to an overdue amount of principal of a Eurodollar Borrowing that became due on a day other than on the last day of the Interest Period applicable thereto shall, for the period until the last day of

such Interest Period, be equal to 2% above the rate that would otherwise be applicable thereto during such Interest Period).

Section 2.08 Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have in good faith determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the majority in interest of the Banks of making or maintaining their Eurodollar Loans during such Interest Period, or that reasonable means do not exist for ascertaining the Eurodollar Rate, the Administrative Agent shall, as soon as practicable thereafter, give notice of such determination to the Borrower and the Banks. In the event of any such determination, any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.03 shall, until the Administrative Agent shall have advised the Borrower and the Banks that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

Section 2.09 Termination, Reduction and Increase in Commitments.

(a) The Commitments shall be automatically terminated on the Expiration Date.

(b) Upon at least three Business Days' prior irrevocable notice to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the unused portion of the Commitments; provided, however, that (i) each partial reduction of the Commitments shall be in the aggregate amount of \$5,000,000 or a higher whole-integer multiple thereof, and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Revolving Credit Exposures would exceed the total Commitments.

(c) At any time following the date of this Agreement and prior to the Expiration Date, the aggregate amount of the Commitments may, at the option of the Borrower, be increased by an amount not in excess of \$50,000,000, either by new Banks establishing Commitments or by one or more then-existing Banks increasing their Commitments (each such new Bank or Bank increasing its Commitment, an "***Additional Commitment Bank***"); provided that (i) each Additional Commitment Bank shall be selected or approved by the Borrower and shall be reasonably acceptable to the Administrative Agent, (ii) no Bank shall have an obligation to become an Additional Commitment Bank, (iii) no Default or Event of Default shall exist immediately prior to or after the effective date of the increase in the Commitments, (iv) the representations and warranties set forth in Article III shall be true and correct in all material respects on and as of the effective date of the increase in the Commitments with the same effect as if made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date, (v) each increase in the Commitments shall be in an aggregate amount not less than \$10,000,000 and multiples of \$5,000,000 in excess thereof, (vi) the

aggregate amount of the increase in the Commitments after the date of this Agreement shall not exceed \$50,000,000, and (vii) no increase in the Commitments shall become effective unless and until (A) the Borrower, the Administrative Agent and each Additional Commitment Bank shall have executed and delivered an agreement substantially in the form of Exhibit D (a “*Commitment Increase Supplement*”) and (B) the Administrative Agent shall have received a substitute First Mortgage Bond in an amount equal to the total Commitments after giving effect to the increase in the Commitments, together with a supplemental indenture, a bond delivery agreement, mortgage title insurance, legal opinions and other certificates and documents with respect thereto comparable to those delivered pursuant to Section 4.02(a) with respect to the First Mortgage Bond issued under the First Mortgage and delivered to the Administrative Agent on the Closing Date, in each case in form and substance satisfactory to the Administrative Agent. On the effective date of an increase in the Commitments, each Additional Commitment Bank shall purchase, as an assignment from each other existing Bank, the portion of such other Bank’s Loans outstanding at such time such that, after giving effect to such assignments, the respective aggregate amount of Loans of each Bank shall be equal to such Bank’s Pro Rata Share of the aggregate Loans outstanding. The purchase price for the Loans so assigned shall be the sum of the principal amount of the Loans so assigned plus the amount of accrued and unpaid interest thereon as of the date of assignment. Each Additional Commitment Bank shall pay the aggregate purchase price payable by it to the Administrative Agent on the effective date of an increase in the Commitments, and the Administrative Agent shall promptly forward to each other Bank the portion thereof payable to it. Upon payment of such purchase price, each other Bank shall be automatically deemed to have sold and made such an assignment to such Additional Commitment Bank and shall, to the extent of the interest assigned, be released from its obligations under the Loan Documents, and such Additional Commitment Bank shall be automatically deemed to have purchased and assumed such an assignment from each other Bank and, if not already a Bank hereunder, shall be a party hereto and, to the extent of the interest assigned, have the rights and obligations of a Bank under the Loan Documents.

Section 2.10 Prepayment. The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least three Business Days’ prior notice to the Administrative Agent, in the case of a prepayment of a Eurodollar Borrowing, and upon at least one Business Day’s prior notice, in the case of a prepayment of an ABR Borrowing; provided, however, that each partial prepayment shall be in the amount of \$1,000,000 or a higher whole-integer multiple thereof. Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section 2.10 shall be subject to Section 2.13 but otherwise without premium or penalty. All prepayments under this Section 2.10 shall be accompanied by accrued interest on the principal amount being prepaid to (but excluding) the date of payment.

Section 2.11 Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement there is adopted any new law, rule or regulation or any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority



charged with the interpretation or administration thereof (whether or not having the force of law) which shall impose, modify or deem applicable any reserve, special-deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Bank (except any such reserve requirement which is reflected in the Eurodollar Rate) or shall impose on such Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Bank, and the result of any of the foregoing shall be to increase the cost to such Bank of making or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Bank hereunder or under any Notes (whether of principal, interest or otherwise) by an amount deemed by such Bank to be material, then the Borrower will pay to such Bank upon demand such additional amount or amounts as will compensate such Bank for such additional costs incurred or reduction suffered.

(b) If any Bank shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted after the date hereof regarding capital adequacy, or any change in any of the foregoing or the adoption after the date hereof of any change in any law, rule, regulation, agreement or guideline existing on the date hereof or in the interpretation or administration of any of the foregoing by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Bank (or any lending office thereof) or any Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital or on the capital of such Bank's holding company, if any, with respect to this Agreement or Loans made by such Bank to a level below that which such Bank or such Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered. It is acknowledged that this Agreement is being entered into by the Banks on the understanding that the Banks will not be required to maintain capital against their obligations to make Loans under currently applicable laws, regulations and regulatory guidelines. In the event that the Banks shall be advised by any Governmental Authority or shall otherwise determine on the basis of pronouncements of any Governmental Authority that such understanding is incorrect, it is agreed that the Banks will be entitled to make claims under this paragraph based upon market requirements prevailing on the date hereof for commitments under comparable credit facilities against which capital is required to be maintained.

(c) A certificate of a Bank setting forth in reasonable detail such amount or amounts as shall be necessary to compensate such Bank or such Bank's holding company as specified in paragraph (a) or (b) above, as the case may be, and the manner in which such Bank has determined the same, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect

to any period shall not constitute a waiver of such Bank's right to demand compensation with respect to such period or any other period. The protection of this Section shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

Section 2.12 Change in Legality.

(a) Notwithstanding any other provision herein, if any change in, or adoption of, any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Bank to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by notice to the Borrower and to the Administrative Agent, such Bank may:

(i) declare that Eurodollar Loans will not thereafter be made by such Bank hereunder, whereupon any request by the Borrower for a Eurodollar Borrowing shall, as to such Bank only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Bank shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Bank or the converted Eurodollar Loans of such Bank shall instead be applied to repay the ABR Loans made by such Bank in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.12, a notice to the Borrower by any Bank shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan.

Section 2.13 Indemnity. The Borrower shall indemnify each Bank against any loss or expense which such Bank may sustain or incur as a consequence of (a) any failure by the Borrower to fulfill on the date of any Eurodollar Borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by the Borrower to borrow any Eurodollar Loan hereunder after irrevocable notice of such borrowing has been given or deemed given pursuant to Section 2.03, (c) any payment or prepayment of a Eurodollar Loan required by any provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (d) any assignment of a Eurodollar Loan pursuant to Section 2.18(b) made or deemed made on a date other than the last day of the Interest Period applicable thereto, or (e) any default in payment or prepayment of the principal amount of any Eurodollar Loan or any part thereof or interest accrued thereon, as and when due and payable (at

the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Bank, of (i) its cost of obtaining the funds for the Eurodollar Loan being paid, prepaid, assigned or not borrowed (assumed to be the Eurodollar Rate applicable thereto) for the period from the date of such payment, prepayment, assignment or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Eurodollar Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid, prepaid, assigned or not borrowed for such period or Interest Period, as the case may be. A certificate of any Bank setting forth any amount or amounts which such Bank is entitled to receive pursuant to this Section, and the manner in which such Bank has determined the same, shall be delivered to the Borrower and shall be conclusive absent manifest error.

Section 2.14 Pro Rata Treatment. Except as required under Section 2.12, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Fees, and each reduction of the Commitments shall be allocated among the Banks in accordance with their respective Pro Rata Shares. Each Bank agrees that, in computing such Bank's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Bank's Pro Rata Share of such Borrowing to the next higher or lower whole-dollar amount.

Section 2.15 Sharing of Setoffs. Each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Bank under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of its Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Bank, it shall be deemed simultaneously to have purchased from such other Bank at face value, and shall promptly pay to such other Bank the purchase price for, a participation in the Loans of such other Bank ("**Sharing Participations**"), so that (a) the aggregate unpaid principal amount of the Loans and Sharing Participations held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as (b) the principal amount of its Loans and Sharing Participations prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Bank holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to

any and all moneys owing by the Borrower to such Bank by reason thereof as fully as if such Bank had made a Loan directly to the Borrower in the amount of such participation.

Section 2.16 Payments.

(a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under any other Loan Document not later than 9:00 a.m., Pacific time, on the date when due in dollars to the Administrative Agent at its offices at 445 South Figueroa Street, Los Angeles, California 90071, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

Section 2.17 Taxes.

(a) Any and all payments by the Borrower hereunder and under any other Loan Document shall be made, in accordance with Section 2.16, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the net income of the Administrative Agent or any Bank (or any transferee or assignee thereof, including a participation holder (any such entity being called a "*Transferee*")) and franchise taxes imposed on the Administrative Agent or any Bank (or Transferee) by the United States or any jurisdiction under the laws of which the Administrative Agent or any such Bank (or Transferee) or the applicable lending office, is organized or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Banks (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions of Taxes (including deductions applicable to additional sums payable under this Section 2.17) such Bank (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions of Taxes been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; provided, however, that no Transferee of any Bank shall be entitled to receive any greater payment under this paragraph (a) than such Bank would have been entitled to receive with respect to the rights assigned, participated or otherwise transferred except to the extent that such greater payment arises from circumstances not in existence at the time such assignment, participation or transfer shall have been made.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise

from any payment made under any Loan Document or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "**Other Taxes**").

(c) The Borrower will indemnify each Bank (or Transferee) and the Administrative Agent for the full amount of any Taxes and Other Taxes paid by such Bank (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Bank (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor. If a Bank (or Transferee) or the Administrative Agent shall become aware that it is entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.17, it shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a request by the Borrower, apply for such refund at the Borrower's expense.

(d) If any Bank (or Transferee) or the Administrative Agent receives a refund in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.17, it shall promptly notify the Borrower of such refund and shall repay such refund to the Borrower (to the extent of amounts that have been paid by the Borrower under this Section 2.17 with respect to such refund) within 30 days (or promptly upon receipt, if the Borrower has requested application for such refund pursuant hereto), net of all reasonable out-of-pocket expenses of such Bank (or Transferee) and without interest (other than interest included in such refund); provided that the Borrower, upon the request of such Bank (or Transferee) or the Administrative Agent, agrees to return such refund (plus penalties, interest or other charges) to such Bank (or Transferee) or the Administrative Agent in the event such Bank (or Transferee) or the Administrative Agent is required to repay such refund. Nothing contained in this paragraph (d) shall require any Bank (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential); provided that Borrower, at its expense, shall have the right to receive an opinion from a firm of independent public accountants of recognized national standing acceptable to the Borrower that the amount due hereunder is correctly calculated.

(e) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by the Borrower in respect of any payment to any Bank (or Transferee) or the Administrative Agent, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt received by the Borrower evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.17 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) On or prior to the execution of this Agreement and on or before the transfer to a Transferee, the Administrative Agent shall notify the Borrower of each Bank's (or

Transferee's) address. On or prior to the Banks' (or any Transferee's) first Interest Payment Date, and from time to time as required by law, each Bank (or Transferee) that is not a United States person within the meaning of Section 7701(a)(30) of the Code (a "*Non-U.S. Person*") shall, if legally able to do so, deliver to the Borrower and the Administrative Agent (i) one duly completed and executed copy of United States Internal Revenue Service Form W-8BEN or W-8ECI, (ii) if claiming exemption from United States Federal withholding tax pursuant to Section 871(h) or 881(c) of the Code, one duly completed and executed copy of a United States Internal Revenue Service Form W-8BEN and a certificate representing that such Non-U.S. Person is not a bank for purposes of Section 881(c) of the Code, is not a 10 percent shareholder (within the meaning of Section 871(h)(3)(b) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code) or (iii) any successor applicable form of any thereof, establishing in each case that such Bank (or Transferee) is entitled to receive payments under the Loan Documents payable to it without deduction or withholding of any United States Federal income taxes, or is subject to a reduced rate thereof. Unless the Borrower and the Administrative Agent have received forms or other documents satisfactory to them indicating that such payments under the Loan Documents are not subject to United States Federal withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Borrower shall withhold taxes from such payments at the applicable statutory rate.

(h) The Borrower shall not be required to pay any additional amounts to any Bank (or Transferee) in respect of United States Federal withholding tax pursuant to paragraph (a) above if the obligation to pay such additional amounts would not have arisen but for a failure by such Bank (or Transferee) to comply with the provisions of paragraph (g) above; provided, however, that the Borrower shall be required to pay those amounts to any Bank (or Transferee) that it was required to pay hereunder prior to the failure of such Bank (or Transferee) to comply with the provisions of such paragraph (g).

Section 2.18 Termination or Assignment of Commitments under Certain Circumstances.

(a) Any Bank (or Transferee) claiming any additional amounts payable pursuant to Section 2.11 or Section 2.17 or exercising its rights under Section 2.12 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank (or Transferee).

(b) In the event that any Bank shall have delivered a notice or certificate pursuant to Section 2.12, or the Borrower shall be required to make additional payments under Section 2.11 or 2.17 to any Bank (or Transferee) or to the Administrative Agent with respect to any Bank (or Transferee), the Borrower shall have the right, at its own expense, upon notice to such Bank (or Transferee) and the Administrative Agent, (i) to terminate the Commitment of such Bank (or Transferee) or (ii) to require such Bank (or Transferee) to transfer and assign

without recourse (in accordance with and subject to the restrictions contained in Section 10.04) all its interests, rights and obligations under the Loan Documents to another financial institution which shall assume such obligations; provided that (A) no such termination or assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (B) the Borrower or the assignee, as the case may be, shall pay to the affected Bank (or Transferee) in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it under the Loan Documents.

Section 2.19 Extension of Expiration Date.

(a) If no Event of Default has occurred and is continuing, the Borrower may request, by notice to the Administrative Agent and each Bank given no earlier than 45 days before, and no later than 30 days before, the Expiration Date applicable on the date of such notice (the "**Current Expiration Date**"), that the Banks renew their respective Commitments for an additional 364 days. If a Bank agrees, in its sole and absolute discretion, to so renew its Commitment, it will give notice to the Administrative Agent of its decision to do so no earlier than 30 days before, and no later than 20 days before, the Current Expiration Date. No later than 19 days before the Current Expiration Date (or the next Business Day, if the day 19 days before the Current Expiration Date is not a Business Day), the Administrative Agent will notify the Borrower and each Bank as to the Banks (each a "**Renewing Bank**") from which it has received such a notice agreeing to so renew. Any failure by a Bank to so notify the Administrative Agent shall be deemed to be a decision by such Bank not to so renew its Commitment.

(b) If all Banks elect to so renew their respective Commitments, and provided that the additional conditions specified in Section 4.03 shall have been satisfied, then on the Current Expiration Date the Expiration Date shall automatically become the date that is 364 days following the Current Expiration Date.

(c) If, at the time the Administrative Agent gives the notice contemplated by Section 2.19(a) to the Borrower and the Banks, the Commitments of the Renewing Banks aggregate at least 66-2/3% , but less than 100%, of the Commitments of all of the Banks at such time (the "**Existing Commitments**"), then (i) as to each Renewing Bank, on the Current Expiration Date the Expiration Date shall automatically become the date that is 364 days following the Current Expiration Date, provided that the additional conditions specified in Section 4.03 shall have been satisfied, (ii) the Expiration Date shall remain unchanged as to each Bank that is not a Renewing Bank (each a "**Terminating Bank**"), (iii) each Terminating Bank's Commitment shall terminate on the Current Expiration Date, and (iv) on the Current Expiration Date the Borrower shall pay the outstanding Loans owed to each Terminating Bank and all other amounts owed to each Terminating Bank. If, at the time the Administrative Agent gives the notice contemplated by Section 2.19(a) to the Borrower and the Banks, the Commitments of the Renewing Banks aggregate less than 66-2/3% of the Existing Commitments, none of the Commitments (including the Commitment of any Renewing Bank) shall be extended, and the Expiration Date shall remain unchanged.

(d) The Borrower may undertake the process contemplated by this Section 2.19 once each year (commencing in 2009), but the election by any Bank to become a Renewing Bank at any time shall not obligate such Bank to become a Renewing Bank at any other time, it being agreed that each election by any Bank to renew or not renew shall be made by such Bank in its sole and absolute discretion and that such discretion shall not be limited by any prior election to become a Renewing Bank.

(e) If, at any time that the Administrative Agent gives a notice contemplated by Section 2.19(a) to the Borrower and the Banks, the Commitments of the then Renewing Banks aggregate at least 66-2/3% but less than 100% of the then Existing Commitments, the Borrower shall have the right, without the consent of the Banks but subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld), to replace the Commitments of the then Terminating Banks by adding to this Agreement one or more commercial banks or other financial institutions (which shall, upon completion of the requirements stated in this Section 2.19, constitute Banks hereunder) or by allowing one or more Renewing Banks to increase their Commitments hereunder, provided that (i) such added and increased Commitments shall not be greater than the Commitments of such Terminating Banks, so that in no event will the aggregate amount of the Existing Commitments be increased (after giving effect to the contemporaneous termination of the Commitments of such Terminating Banks), (ii) no Renewing Bank's Commitment shall be increased without the consent of such Renewing Bank, and (iii) the additional conditions specified in Section 4.03 shall have been satisfied. The Borrower shall give the Administrative Agent three Business Days' notice of the Borrower's intention to increase any Commitment or add a new commercial bank or other financial institution pursuant to this Section 2.19. Such notice shall specify each new commercial bank or other financial institution, if any, the changes in amounts of Commitments that will result and such other information as is reasonably requested by the Administrative Agent. Each new commercial bank or other financial institution agreeing to be added to this Agreement, and each Renewing Bank agreeing to increase its Commitment, shall execute and deliver to the Administrative Agent an agreement substantially in the form of Exhibit E (a "**Commitment Extension Supplement**"), pursuant to which it shall become a party hereto or increase its Commitment, as the case may be. In addition, the Borrower shall execute and deliver a Note in the principal amount of the Commitment of each new Bank, or a replacement Note in the principal amount of the increased Commitment of each Renewing Bank agreeing to increase its Commitment, if and to the extent requested pursuant to Section 2.04(e). Upon execution by the Administrative Agent of the relevant Commitment Extension Supplement, each such new commercial bank or financial institution shall constitute a "Bank" hereunder with a Commitment as specified therein, or such Renewing Bank's Commitment shall increase as specified therein, as the case may be.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each of the Banks that:

Section 3.01 Organization; Powers. Each of the Borrower and the Significant Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the



laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of the Borrower, has the corporate power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and to borrow hereunder.

Section 3.02 Authorization. The execution, delivery and performance by the Borrower of each of the Loan Documents and the Borrowings (collectively, the "*Transactions*") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation the violation of which could reasonably be expected to impair the validity and enforceability of this Agreement or any other Loan Document or materially impair the rights of or benefits available to the Banks under the Loan Documents, or of the certificate or articles of incorporation or other constitutive documents or bylaws of the Borrower or any Significant Subsidiary, (B) any order of any Governmental Authority the violation of which could reasonably be expected to impair the validity or enforceability of this Agreement or any other Loan Document, or materially impair the rights of or benefits available to the Banks under the Loan Documents, or (C) 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 which could reasonably be expected to impair the validity and enforceability of this Agreement or any other Loan Document or materially impair the rights of or benefits available to the Banks under the Loan Documents, (ii) 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 which could reasonably be expected to impair the validity and enforceability of this Agreement or any other Loan Document or materially impair the rights of or benefits available to the Banks under the Loan Documents or (iii) result in the creation or imposition under any such indenture, agreement or other instrument of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Borrower.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan 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.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any 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.

Section 3.05 Financial Statements. The Borrower has heretofore furnished to the Banks its (a) consolidated balance sheets and statements of income and statements of cash flow as of and for the fiscal year ended December 31, 2007, audited by and accompanied by the opinion of Deloitte & Touche LLP, independent public accountants, and (b) unaudited consolidated balance

sheets and statements of income and statements of cash flow as of and for the fiscal quarter ended September 30, 2008, certified by one of its Financial Officers. All such financial statements present fairly the financial condition and results of operations of the Borrower and its consolidated subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto, together with the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, reflect all liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the dates thereof which are material on a consolidated basis. Such financial statements were prepared in accordance with GAAP applied (except as noted therein) on a consistent basis.

**Section 3.06 No Material Adverse Change.** Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and in any document filed after December 31, 2007, but prior to the date of this Agreement, pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, there has been no change in the business, assets, operations or financial condition of the Borrower and the Subsidiaries, taken as a whole, since December 31, 2007, which could reasonably be expected to have a Material Adverse Effect. For the avoidance of doubt, the representation set forth in this Section 3.06 is and will be made solely at and as of the Closing Date and at and as of the effective date of any increase in the Commitments pursuant to Section 2.09(c).

**Section 3.07 Litigation; Compliance with Laws.**

(a) Except as set forth in the Annual Report of the Borrower on Form 10-K for the year ended December 31, 2007, or in any document filed after December 31, 2007, but prior to the date of this Agreement pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary or any business, property or rights of any such person (i) which involve any Loan Document or the Transactions or (ii) which could reasonably be anticipated, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Neither the Borrower nor any of the Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

**Section 3.08 Federal Reserve Regulations.**

(a) Neither the Borrower nor any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose which entails a

violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or X.

Section 3.09 Investment Company Act. The Borrower is not an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.10 No Material Misstatements. No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Bank in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or, when considered together with all reports theretofore filed with the Securities and Exchange Commission, omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading.

Section 3.11 Employee Benefit Plans. Each of the Borrower and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which the Borrower or any ERISA Affiliate was required to file a report with the PBGC. The value of the assets of each Plan is at least 80% of the “funding target” (as defined in Code Section 430(d)(1)) of such Plan as of the last annual valuation date applicable thereto.

Section 3.12 Environmental and Safety Matters. Each of the Borrower and the Subsidiaries has complied with all Federal, state, local and other statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental or nuclear regulation or control or to employee health or safety, except where noncompliance would not be reasonably likely to result in a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received notice of any failure so to comply, except where noncompliance would not be reasonably likely to result in a Material Adverse Effect. The Borrower’s and the Subsidiaries’ plants do not manage any hazardous wastes, hazardous substances, hazardous materials, toxic substances, toxic pollutants or substances similarly denominated, as those terms or similar terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law relating to environmental pollution or employee health and safety, or any nuclear fuel or other radioactive materials, in all cases in violation of any law or any regulations promulgated pursuant thereto, where such violation would be reasonably likely to result in a Material Adverse Effect. The Borrower is aware of no events, conditions or circumstances involving environmental pollution or contamination or employee health or safety that could reasonably be expected to result in a Material Adverse Effect. The representations and warranties set forth in this Section 3.12 are, however, subject to any matters, circumstances or events set forth in the Borrower’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and in any document filed after December 31, 2007, but prior to the date of this Agreement pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934; provided, however, that the inclusion of such matters, circumstances or events as exceptions (or any other exceptions contained in the representations and warranties which refer to the

Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 or in any document filed after December 31, 2007, but prior to the date of this Agreement pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934) shall not be construed to mean that the Borrower has concluded that any such matter, circumstance or effect is likely to result in a Material Adverse Effect.

Section 3.13 Significant Subsidiaries. Schedule 3.13 sets forth as of the date hereof a list of all Significant Subsidiaries of the Borrower and the percentage ownership interest of the Borrower therein.

#### ARTICLE IV CONDITIONS TO BORROWINGS AND EXTENSIONS

Section 4.01 All Borrowings. The obligations of the Banks to make Loans on the date of each Borrowing (including the first Borrowing under this Agreement and each Borrowing in which Loans are refinanced with new Loans as contemplated by Section 2.02(e)) are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03.

(b) The representations and warranties set forth in Article III hereof (excluding, in the case of a refinancing of Loans, the representations set forth in Section 3.07 and, in the case of any Borrowing (including each Borrowing in which Loans are refinanced with new Loans) after the Closing Date, the representation set forth in Section 3.06) shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) The Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02 First Borrowing. The obligations of the Banks to make Loans on the date of the first Borrowing under this Agreement are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received each of the following, in form and substance satisfactory to it:

(i) An opinion of Davis Wright Tremaine LLP, counsel to the Borrower, dated the date of this Agreement and addressed to the Administrative Agent and the

Banks, with respect to such matters relating to the Borrower and the Loan Documents as the Administrative Agent or any Bank may reasonably request. The Borrower hereby instructs such counsel to deliver such opinion to the Administrative Agent.

(ii) Evidence satisfactory to the Administrative Agent and set forth on Schedule 4.02(a)(ii) that the Borrower shall have obtained all consents and approvals of, and shall have made all filings and registrations with, any Governmental Authority required in order to consummate the Transactions, in each case without the imposition of any condition which, in the judgment of the Banks, could adversely affect their rights or interests under the Loan Documents.

(iii) A copy of the certificate or articles of incorporation, including all amendments thereto, of the Borrower, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate as to the good standing of the Borrower as of a recent date, from such Secretary of State.

(iv) A certificate of the Secretary or Assistant Secretary of the Borrower dated the date of this Agreement and certifying (A) that attached thereto is a true and complete copy of the bylaws of the Borrower as in effect on the date of this Agreement 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 execution, delivery and performance of the Loan Documents and borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or 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 (iii) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection therewith on behalf of the Borrower.

(v) A certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (iv) above.

(vi) A certificate, dated the date of this Agreement and signed by a Financial Officer of the Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(vii) Evidence satisfactory to the Administrative Agent that this Agreement, the Supplemental Indenture, the Bond Delivery Agreement, the First Mortgage Bond and any Notes requested by the Banks for issuance on the date of this Agreement have been executed and delivered by all parties thereto.

(viii) A copy of the First Mortgage, certified by the Secretary or Assistant Secretary of the Borrower.

(ix) A copy of title insurance policy No. NSL 31426-SEA issued by First American Title Insurance Company, together with copies of all endorsements thereto (including an endorsement extending the coverage of such policy to the Supplemental Indenture and the First Mortgage Bond), naming the trustee under the First Mortgage as the insured, insuring 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.

(x) Such other documents as the Administrative Agent, the Banks or their respective legal counsel may reasonably request.

(b) All fees payable by the Borrower to the Administrative Agent, the "Co-Lead Arrangers" identified on the cover page of this Agreement, the Banks or any of their Affiliates on or prior to the date of this Agreement with respect to this Agreement, and all amounts payable by the Borrower pursuant to Section 10.05 for which invoices have been delivered to the Borrower on or prior to such 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 concurrently with the disbursement of the proceeds of any Borrowing to be made on such date.

(c) All legal matters incident to the Loan Documents and the transactions contemplated thereby shall be reasonably satisfactory to the Administrative Agent, the Banks and their respective legal counsel.

Section 4.03 Extensions. Each extension of the Expiration Date pursuant to Section 2.19 is subject to the satisfaction of the following additional conditions on the effective date of such extension:

(a) No Loans shall be outstanding on the date of such extension.

(b) The representations and warranties set forth in Article III shall be true and correct in all material respects on and as of the date of such extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) The Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such extension no Event of Default or Default shall have occurred and be continuing.

Each extension of the Expiration Date shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (b) and (c) of this Section 4.03.

ARTICLE V  
AFFIRMATIVE COVENANTS

The Borrower covenants and agrees with each Bank that so long as any Commitment shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable under any Loan Document shall be unpaid:

Section 5.01 Existence; Businesses and Properties.

(a) The Borrower shall, and shall cause each Significant Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.03.

(b) The Borrower shall, and shall cause each Significant Subsidiary to, (i) do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names utilized in the conduct of its business, except where the failure so to obtain, preserve, renew, extend or maintain any of the foregoing would not result in a Material Adverse Effect; (ii) maintain and operate its business in substantially the manner in which it is presently conducted and operated, except as otherwise expressly permitted under this Agreement; (iii) comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority, whether now in effect or hereafter enacted if failure to comply with such requirements would result in a Material Adverse Effect; and (iv) at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times; provided, however, that the Borrower or any Significant Subsidiary may cause the discontinuance of the operation or a reduction in the capacity of any of its facilities, or any element or unit thereof, including real and personal properties, facilities, machinery and equipment, (A) if, in the judgment of the Borrower or such Significant Subsidiary, it is no longer advisable to operate the same, or to operate the same at its former capacity, and such discontinuance or reduction would not result in a Material Adverse Effect, or (B) if the Borrower or a Significant Subsidiary intends to sell and dispose of its interest in the same in accordance with the terms of this Agreement and within a reasonable time shall endeavor to effectuate the same.

Section 5.02 Insurance.

(a) The Borrower shall, and shall cause each Significant Subsidiary to, (i) maintain insurance, to such extent and against such risks, as is customary with companies in the same or similar businesses and owning similar properties in the same general area in which it operates and (ii) maintain such other insurance as may be required by law. All insurance required by this Section 5.02 shall be maintained with financially sound and reputable insurers or through self-insurance; provided, however, that the portion of such insurance constituting self-insurance shall be comparable to that usually maintained by companies engaged in the same or similar

businesses and owning similar properties in the same general area in which the Borrower or such Significant Subsidiary, as applicable, operates and the reserves maintained with respect to such self-insured amounts are deemed adequate by its officer or officers responsible for insurance matters.

Section 5.03 Taxes and Obligations. The Borrower shall, and shall cause each Significant Subsidiary to, pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall, to the extent required by GAAP, have set aside on its books adequate reserves with respect thereto.

Section 5.04 Financial Statements, Reports, etc. The Borrower shall furnish to the Administrative Agent and each Bank:

(a) within 105 days after the end of each fiscal year, consolidated and consolidating balance sheets and related statements of income and statements of cash flow, showing the financial condition of (i) Avista Utilities and (ii) the Borrower and its consolidated Subsidiaries, in each case as of the close of such fiscal year, and the results of each of their operations during such year, all (A) in the case of Avista Utilities, certified by one of the Borrower's Financial Officers as fairly presenting the financial condition and results of operations of Avista Utilities in accordance with GAAP consistently applied and (B) in the case of the Borrower and its consolidated subsidiaries, audited by Deloitte & Touche LLP or other independent public accountants of recognized national standing acceptable to the Required Banks and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Borrower on a consolidated basis (except as noted therein) in accordance with GAAP consistently applied;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, consolidated and, to the extent otherwise available, consolidating balance sheets and related statements of income and statements of cash flow, showing the financial condition of (i) Avista Utilities and (ii) the Borrower and its consolidated subsidiaries, in each case as of the close of such fiscal quarter, and the results of each of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of Avista Utilities or the Borrower on a consolidated basis, as applicable, in accordance with GAAP consistently applied, subject to normal year-end audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or (b) above, (i) a certificate of the relevant accounting firm opining on or certifying such statements or Financial Officer (which certificate, when furnished by an accounting firm, may be limited to



accounting matters and disclaim responsibility for legal interpretations) certifying that to the knowledge of the accounting firm or the Financial Officer, as the case may be, no Event of Default or Default has occurred or, if an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, and (ii) a certificate of a Financial Officer of the Borrower setting forth in reasonable detail such calculations as are required to establish whether the Borrower was in compliance with Sections 6.05 and 6.06 on the date of such financial statements;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of or all the functions of said Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Borrower or any Significant Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Bank may reasonably request.

Section 5.05 Litigation and Other Notices. The Borrower shall furnish to the Administrative Agent and each Bank prompt notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Subsidiary which could reasonably be anticipated to result in a Material Adverse Effect; and

(c) any development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Effect.

Section 5.06 ERISA. The Borrower shall, and shall cause each Significant Subsidiary to, comply in all material respects with the applicable provisions of ERISA, and the Borrower shall furnish to the Administrative Agent and each Bank (a) as soon as possible, and in any event within 30 days after any Responsible Officer of the Borrower or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Borrower to the PBGC in an aggregate amount exceeding \$25,000,000, a statement of a Financial Officer of the Borrower setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (b) as soon as possible, and in any event within 30 days after any Responsible Officer of the Borrower or any ERISA Affiliate either knows or has reason to know that the value of the assets of any Plan is less than 80% of the "funding target" (as defined in Code Section 430(d)(1)) of such Plan as of the last annual valuation date applicable thereto, a

statement of a Financial Officer of the Borrower setting forth details as to such event, (c) promptly after receipt thereof, a copy of any notice the Borrower or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (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) or to appoint a trustee to administer any Plan or Plans and (d) within 10 days after the due date for filing with the PBGC pursuant to Section 430(k) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer of the Borrower setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC.

Section 5.07 Maintaining Records; Access to Properties and Inspections. The Borrower shall, and shall cause each Significant Subsidiary to, (a) maintain all financial records in accordance with GAAP and (b) permit any representatives designated by the Administrative Agent or any Bank to visit and inspect its financial records and properties at reasonable times and as often as requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or any Bank to discuss its affairs, finances and condition with its chief financial officer, or other person designated by the chief financial officer, and independent accountants therefor.

Section 5.08 Use of Proceeds. The Borrower shall use the proceeds of the Loans only for the purposes set forth in the preamble to this Agreement.

## ARTICLE VI NEGATIVE COVENANTS

The Borrower covenants and agrees with each Bank that so long as any Commitment shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable under any Loan Document shall be unpaid:

Section 6.01 Liens. The Borrower shall not create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person, including any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower created by the documents, instruments or agreements existing on the date hereof and which are listed as exhibits to the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, to the extent that such Liens secure only obligations arising under such existing documents, agreements or instruments and the amount of Indebtedness secured thereby does not exceed the amount thereof as of the date hereof as set forth on Schedule 6.01;

(b) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition and (ii) such Lien does not apply to any other property or assets of the Borrower;

(c) the Lien of the First Mortgage and the Lien of any collateral trust mortgage or similar instrument which would be intended to eventually replace (in one transaction or a series of transactions) the First Mortgage (as amended, modified or supplemented from time to time, "*Collateral Trust Mortgage*") on properties or assets of the Borrower to secure bonds, notes and other obligations of the Borrower but only to the extent such Liens, collectively, secure Indebtedness, whether now existing or hereafter created, in an aggregate amount no greater than the aggregate amount of first mortgage bonds permitted to be issued under the First Mortgage;

(d) Liens not prohibited under the First Mortgage or the Collateral Trust Mortgage (whether or not such Liens cover properties or assets subject to the Lien of the First Mortgage or the Collateral Trust Mortgage);

(e) Liens for taxes, assessments or governmental charges not yet due or which are being contested in compliance with Section 5.03;

(f) carriers', warehousemen's, mechanic's, materialmen's, repairmen's or other like Liens arising in the ordinary course of business and securing obligations that are not due or which are being contested in compliance with Section 5.03;

(g) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(h) Liens incurred or created in connection with or to secure the performance of bids, tenders, trade contracts (other than for Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(i) zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(j) Liens (i) which secure obligations not assumed by the Borrower, (ii) on account of which the Borrower has not and does not expect to pay interest directly or indirectly and (iii) which exist upon real estate or rights in or relating to real estate in respect of which the Borrower has a right-of-way or other easement for purposes of substations or transmission or distribution facilities;

(k) rights reserved to or vested in any federal, state or local governmental body or agency by the terms of any right, power, franchise, grant, license, contract or permit, or by any provision of law, to recapture or to purchase, or designate a purchase of or order the sale

of, any property of the Borrower or to terminate any such right, power, franchise, grant, license, contract or permit before the expiration thereof;

(l) Liens of judgments covered by insurance, or upon appeal and covered by bond, or to the extent not so covered not exceeding at one time \$40,000,000 in aggregate amount;

(m) any Liens, moneys sufficient for the discharge of which shall have been deposited in trust with the trustee or mortgagee under the instrument evidencing such Lien, with irrevocable authority of such trustee or mortgagee to apply such moneys to the discharge of such Lien to the extent required for such purpose;

(n) rights reserved to or vested in any federal, state or local governmental body or agency or other public authority to control or regulate the business or property of the Borrower;

(o) any obligations or duties affecting the property of the Borrower to any federal, state or local governmental body or agency or other public authority with respect to any authorization, permit, consent or license of such body, agency or authority, given in connection with the purchase, construction, equipping, testing and operation of the Borrower's utility property;

(p) with respect to any property which the Borrower may hereafter acquire, any exceptions or reservations therefrom existing at the time of such acquisition or any terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments, respectively, under and by virtue of which the Borrower shall hereafter acquire such property, none of which terms, conditions, agreements, covenants, exceptions and reservations materially impairs the use of such property for the purposes for which it is acquired by the Borrower;

(q) leases and subleases entered into in the ordinary course of business;

(r) banker's Liens and other Liens in the nature of a right of setoff;

(s) renewals, replacements, amendments, modifications, supplements, refinancings or extensions of Liens set forth in clauses (a)-(d) above to the extent that the principal amount of Indebtedness secured by such Lien immediately prior thereto is not increased and such Lien is not extended to other property;

(t) security deposits or amounts paid into trust funds for the reclamation of mining properties;

(u) restrictions on transfer or use of properties and assets, first rights of refusal, and rights to acquire properties and assets granted to others;

(v) non-consensual equitable Liens on the Borrower's tenant-in-common or other interest in joint projects;

(w) Liens on the Borrower's tenant-in-common or other interest in joint projects incurred by the project sponsor without the express consent of the Borrower to such incurrence; and

(x) Liens on receivables and related properties or interests therein.

Section 6.02 Sale-Leaseback Transactions. The Borrower shall not enter into any Sale-Leaseback if as a result thereof the aggregate outstanding principal amount of Attributable Debt outstanding in connection with all Sale-Leasebacks entered into after the date hereof would exceed 5% of the total tangible assets of Avista Utilities as of the date of the financial statements most recently delivered under Section 5.04(a) or (b) at such time.

Section 6.03 Mergers, Consolidations and Acquisitions. The Borrower shall not, and shall not permit any Significant Subsidiary (without the consent of the Required Banks, not to be unreasonably withheld) to, merge with or into or consolidate with any other person, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of any other person (whether directly by purchase, lease or other acquisition of all or substantially all of the assets of such person or indirectly by purchase or other acquisition of all or substantially all of the capital stock of such other person) other than acquisitions in the ordinary course of the Borrower's or such Significant Subsidiary's business, except that, if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing, (a) the Borrower or any Significant Subsidiary may merge with or into or consolidate with the Borrower or any Subsidiary, provided that, in any transaction involving the Borrower, the Borrower is the surviving person, (b) the Borrower or any Significant Subsidiary may purchase, lease or otherwise acquire from any Subsidiary all or substantially all of its assets, (c) the Borrower may merge with or into or consolidate with any other person so long as (i) in the case where the business of such other person, or an Affiliate of such other person, entirely or primarily consists of an electric or gas utility business, (A) if the Borrower is the surviving person, then, immediately after such merger or consolidation, the Senior Debt Rating assigned to the applicable Indebtedness of the Borrower by two nationally recognized credit-rating agencies shall be equal to or higher than Lowest Investment Grade and (B) if the Borrower is not the surviving person, (1) the surviving person shall assume in writing the obligations of the Borrower under this Agreement and any other Loan Documents and (2) immediately after such merger or consolidation, the ratings assigned to the most senior secured public Indebtedness of the surviving person by two nationally recognized credit rating agencies shall be equal to or higher than the ratings comparable to the Second Lowest Investment Grade, and (ii) in the case where such other person's business does not entirely or primarily consist of an electric or gas utility business, (A) the assets of such person at the time of such consolidation or merger do not exceed 10% of the total assets of the Borrower and its Subsidiaries after giving effect to such merger or consolidation, computed and consolidated in accordance with GAAP consistently applied and (B) if the Borrower is not the surviving person, the surviving person shall assume in writing the obligations of the Borrower under this Agreement and any other Loan Documents, (d) the Borrower may purchase, lease or otherwise

acquire all or substantially all of the assets of any other person (including by purchase or other acquisition of all or substantially all of the capital stock of such person) so long as (i) the assets being purchased, leased or acquired (or the assets of the person whose capital stock is being acquired) entirely or primarily consist of electric or gas utility assets or (ii) in the case where the assets being purchased, leased or acquired (or the assets of the person whose capital stock is being acquired) do not entirely or primarily consist of electric or gas utility assets, the assets being purchased, leased or acquired (or the Borrower's proportionate share of the assets of the person whose capital stock is being acquired) do not exceed 10% of the total assets of the Borrower and its Subsidiaries, after giving effect to such purchase, lease or acquisition, computed and consolidated in accordance with GAAP consistently applied, (e) any Significant Subsidiary may merge with or into or consolidate with any other person so long as the assets of such person at the time of such merger or consolidation do not exceed 10% of the total assets of the Borrower and its Subsidiaries after giving effect to such merger or consolidation, computed and consolidated in accordance with GAAP consistently applied, and (f) any Significant Subsidiary may purchase, lease or otherwise acquire all or substantially all of the assets of any other person (including by purchase or other acquisition of all or substantially all of the capital stock of such person) so long as the assets being purchase, leased or acquired (or the Significant Subsidiary's proportionate share of the assets of the person whose capital stock is being acquired) do not exceed 10% of the total assets of the Borrower and its Subsidiaries after giving effect to such purchase, lease or acquisition, computed and consolidated in accordance with GAAP consistently applied; provided, however, that notwithstanding anything in this Section 6.03 to the contrary, this Section 6.03 shall not be deemed to prohibit any merger, consolidation or acquisition involving a Significant Subsidiary (and not also the Borrower) if, after giving effect to the consummation of such transaction, such Significant Subsidiary shall have or be deemed to have a ratio of total long-term Indebtedness to total stockholders' equity equal to or less than 1.5 to 1.0; and provided further that the Borrower and its Affiliates may consummate the Reorganization Transactions if the following conditions are satisfied: (v) at all times before and after giving effect to the Reorganization Transactions, Avista Corporation, a Washington corporation (provided that its name may be changed in connection with the Reorganization Transactions so long as the Borrower provides to the Administrative Agent not less than thirty (30) days prior written notice of such name change), will continue to be the Borrower under this Agreement, and the Borrower will continue to operate its utility business subject to regulation by the applicable state public utility commissions and the U.S. Federal Energy Regulatory Commission; (w) both before and after giving effect to the Reorganization Transactions no Default or Event of Default shall have occurred and be continuing; (x) not less than ten Business Days prior to consummation of the Reorganization Transactions, the Borrower shall have delivered to the Administrative Agent (for prompt delivery to the Banks) consolidated and consolidating statements of income and statements of cash flow of the Borrower and its consolidated Subsidiaries, as of the date of those statements most recently delivered to the Administrative Agent and the Banks pursuant to Section 5.04, reflecting on a pro forma basis the transfer by the Borrower of the capital stock of Avista Capital, Inc., a Washington corporation, to AVA Formation Corp., a Washington corporation, certified by one of the Borrower's Financial Officers, and a copy of the Plan of Exchange, certified by one of the Borrower's Responsible Officers; (y) concurrently with the delivery of financial statements under the immediately preceding clause (x), the Borrower shall have delivered to the Administrative Agent (i) a certificate of the relevant accounting firm opining on or certifying such statements or of a

Financial Officer of the Borrower (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) certifying that to the knowledge of the accounting firm or the Financial Officer, as the case may be, no Event of Default or Default has occurred, and (ii) a certificate of a Financial Officer of the Borrower setting forth in reasonable detail such calculations as are required to establish whether the Borrower was in compliance with Sections 6.05 and 6.06 on a pro forma basis on the date of such financial statements; and (z) a certificate of a Responsible Officer, in form and substance satisfactory to the Administrative Agent, stating that the Reorganization Transactions have been effected in accordance with the Plan of Exchange, without amendment, modification or waiver of any kind not consented to by the Administrative Agent, and that the conditions of this Section 6.03 have been satisfied.

Section 6.04 Disposition of Assets. The Borrower shall not, and shall not permit any Significant Subsidiary (without the consent of the Required Banks, not to be unreasonably withheld) to, sell, lease, transfer, assign or otherwise dispose of any assets or any interest therein (whether now owned or hereafter acquired), except (a) dispositions of obsolete or retired property not used or useful in its business, (b) grants of Liens by the Borrower permitted under Section 6.01 and grants of Liens by Significant Subsidiaries, (c) disposition by the Borrower of its interest in the Washington Public Power Supply System Nuclear Project No. 3 in accordance with the settlement agreement among the Borrower, the Washington Public Power Supply System and Bonneville Power Administration, as the same may be amended, modified or supplemented from time to time, (d) disposition by the Borrower of all or any portion of its transmission assets in one or more RTO Transactions, (e) disposition by the Borrower of its interests in the Colstrip Project and related assets, (f) disposition of receivables and related properties or interests therein, and (g) other dispositions of assets (not otherwise permitted by clauses (a)-(f) of this Section) made in the ordinary course of business not exceeding in any fiscal year 5% of the assets of the Borrower and its Subsidiaries as of the end of the prior fiscal year, computed and consolidated in accordance with GAAP consistently applied, and (h) other dispositions of assets (not otherwise permitted by clauses (a)-(f) of this Section) not exceeding in any fiscal year 10% of the assets of the Borrower and its Subsidiaries as of the end of the prior fiscal year, computed and consolidated in accordance with GAAP consistently applied; provided, however, that notwithstanding anything in this Section 6.04 to the contrary, this Section 6.04 shall not be deemed to prohibit any disposition by a Significant Subsidiary if, after giving effect to the consummation of such transaction, such Significant Subsidiary shall have or be deemed to have a ratio of total long-term Indebtedness to total stockholders' equity equal to or less than 1.5 to 1.0; and provided further, that the Borrower and its Affiliates may consummate the Reorganization Transactions.

Section 6.05 Consolidated Total Debt to Consolidated Total Capitalization Ratio. The Borrower shall not permit the ratio of Consolidated Total Debt to Consolidated Total Capitalization to be, at any time, greater than 0.70 to 1.00.

Section 6.06 Avista Utilities Interest-Coverage Ratio. The Borrower shall not permit the ratio of Avista Utilities EBITDA to Avista Utilities Interest Expense for any four-fiscal-quarter period to be less than 1.6 to 1.

Section 6.07 Public Utility Regulatory Borrowing Limits. The Borrower shall not incur actual borrowings or commitments or issued and outstanding debt of the Borrower in excess of the amount authorized by statute or by orders of public utility commissions, as in effect from time to time.

Section 6.08 Investments. The Borrower shall not make any new Investments in any Subsidiary (other than a Financing Subsidiary), except for Investments in an aggregate amount (calculated, in the case of any acquisition or Investment, based on the amount of consideration payable, and obligations incurred, by the Borrower for such acquisition or Investment) not exceeding \$75,000,000 in any fiscal year of the Borrower, net of any distributions or other amounts received by the Borrower during such fiscal year on Investments in such Subsidiaries.

## ARTICLE VII EVENTS OF DEFAULT

In case of the happening (and during the continuance) of any of the following events ("*Events of Default*"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the Borrowings, or any representation or warranty contained in any certificate or other document furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made or deemed made;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the scheduled maturity date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by the Borrower of any covenant, condition or agreement contained in Section 5.01(a), 5.05, 5.07(b) or 5.08 or in Article VI;

(e) default shall be made in the due observance or performance by the Borrower of any covenant, condition or agreement (other than those specified in (b), (c) or (d) above) contained in any Loan Document, and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Bank to the Borrower;

(f) the Borrower or any Significant Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness when the aggregate unpaid principal amount is in excess of \$40,000,000, when and as the same shall



become due and payable (after expiration of any applicable grace period), or (ii) fail to observe or perform any other term, covenant, condition or agreement (after expiration of any applicable grace period) contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower or any Significant Subsidiary, or of a substantial part of the property or assets of the Borrower or a Significant Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of the property or assets of the Borrower or a Significant Subsidiary or (iii) the winding-up or liquidation of the Borrower or any Significant Subsidiary; and such proceeding or petition shall continue undismissed, or an order or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more days;

(h) the Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of the property or assets of the Borrower or any Significant Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) a final judgment or judgments shall be rendered against the Borrower, any Significant Subsidiary or any combination thereof for the payment of money with respect to which an aggregate amount in excess of \$40,000,000 is not covered by insurance, and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower or any Significant Subsidiary to enforce any such judgment;

(j) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 430(k)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Borrower to the PBGC or to any Plan or Plans in an aggregate amount exceeding \$25,000,000, or the value of the assets of any Plan is less than 80% of the "funding target" (as defined in Code Section 430(d)(1)) of such Plan as of the last annual valuation date applicable

thereto, and within 30 days after the reporting of any such Reportable Event to the Administrative Agent or after the receipt by the Administrative Agent of a statement required pursuant to Section 5.06, the Administrative Agent shall have notified the Borrower in writing that (i) the Required Banks have made a determination that, on the basis of such Reportable Event or Reportable Events, such failure to make a required installment or other payment or the fact that the value of the assets of a Plan is less than 80% of the “funding target” (as defined in Code Section 430(d)(1)) of such Plan as of the last annual valuation date applicable thereto, there are reasonable grounds (A) for the termination of any such Plan by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer any such Plan or (C) for the imposition of a Lien in favor of any such Plan, and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan; or the PBGC shall institute proceedings to terminate any such Plan;

(k) any Loan Document, at any time after its execution and delivery and for any reason, shall cease to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect; or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document;

(l) a Change in Control shall occur other than as a direct and proximate result of the consummation of the Reorganization Transactions in strict compliance with Section 6.03;

(m) the Lien purported to be created in any substantial portion of the property of the Borrower purported to be made subject thereto pursuant to the First Mortgage shall at any time fail to be a valid, perfected, first-priority Lien (subject to Liens permitted to exist by the terms of the First Mortgage) securing the obligations of the Borrower under the First Mortgage (including the obligations of the First Mortgage Bond), and such failure shall constitute or have resulted in a “Completed Default” under the First Mortgage; or

(n) the mortgage title insurance policy referred to in Section 4.02(a)(ix) or any other mortgage title insurance policy purported to be issued for the benefit of the trustee under the First Mortgage, at any time after its issuance and for any reason, shall cease to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect; or the issuer of such policy denies that it has any or further liability or obligation under such policy, or purports to revoke, terminate or rescind such policy;

then, and in every such event (other than an event with respect to the Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Banks, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon (A) the Commitments will automatically be terminated and (B) the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment,

demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding, and (iii) deliver to the Borrower notice demanding redemption of the First Mortgage Bond; and in any event with respect to the Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate, and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

## ARTICLE VIII RELEASE OF COLLATERAL

Section 8.01 Release upon Commitment Reduction. In connection with any permanent reduction in the Commitments pursuant to Section 2.09(b), the Administrative Agent shall surrender to, or upon the order of, the Borrower the First Mortgage Bond then held by the Administrative Agent against receipt by the Administrative Agent of a substitute First Mortgage Bond in an amount equal to the total Commitments after giving effect to the reduction.

Section 8.02 Release upon Termination and Repayment. The Administrative Agent shall surrender to, or upon the order of, the Borrower all First Mortgage Bonds then held by it pursuant hereto at the first time at which the Commitments shall have been terminated and all amounts owing under this Agreement shall have been paid in full.

## ARTICLE IX THE ADMINISTRATIVE AGENT

Section 9.01 Appointment and Powers. In order to expedite the various transactions contemplated by the Loan Documents, UBOC is hereby appointed to act as Administrative Agent on behalf of the Banks. Each of the Banks hereby irrevocably authorizes and directs the Administrative Agent to take such action on behalf of such Bank under the terms and provisions of the Loan Documents, and to exercise such powers thereunder as are specifically delegated to or required of the Administrative Agent by the terms and provisions thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized on behalf of the Banks, without hereby limiting any implied authority, (a) to receive on behalf of each of the Banks any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued under the Loan Documents paid to the Administrative Agent, and to distribute to each Bank its proper share of all payments so received as soon as practicable; (b) to give notice promptly on behalf of each of the Banks to the Borrower of any Event of Default of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute promptly to each Bank copies of all notices, agreements and other material as provided for in the Loan Documents as received by such Administrative Agent.

Section 9.02 Limitation on Liability. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable to any Bank as such for any action taken or omitted by any of them under the Loan Documents except for its, his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation therein or the contents of any document delivered in connection therewith or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements of the Loan Documents. The Administrative Agent shall not be responsible to the Banks for the due execution, genuineness, validity, enforceability or effectiveness of the Loan Documents or any other instrument to which reference is made therein. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Banks, and, except as otherwise specifically provided herein, such instructions and any action taken or failure to act pursuant thereto shall be binding on all the Banks. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any paper or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure or delay in performance or breach by any Bank of any of its obligations under the Loan Documents or to any Bank on account of the failure of or delay in performance or breach by any other Bank or the Borrower of any of their respective obligations thereunder or in connection therewith. The Administrative Agent may execute any of its duties under the Loan Documents by or through agents or attorneys selected by it using reasonable care and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys selected and authorized to act by it with reasonable care unless the damage complained of directly results from an act or failure to act on the part of the Administrative Agent which constitutes gross negligence or willful misconduct. Delegation to an attorney for the Administrative Agent shall not release the Administrative Agent from its obligation to perform or cause to be performed the delegated duty. The Administrative Agent shall be entitled to advice of legal counsel selected by it with respect to all matters arising under the Loan Documents and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

Section 9.03 Other Transactions with Borrower. The Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Affiliate thereof as if it were not the Administrative Agent.

Section 9.04 Reimbursement; Indemnification. Each Bank agrees (a) to reimburse the Administrative Agent in the amount of such Bank's Pro Rata Share of any expenses incurred for the benefit of the Banks by the Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Banks, to the extent not reimbursed by the Borrower and (b) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of its Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent or any of them in any way relating to or arising out of the Loan

Documents or any action taken or omitted by it or any of them under the Loan Documents, to the extent not reimbursed by the Borrower; provided, however, that no Bank shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents.

Section 9.05 Absence of Reliance. Each of the Banks acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Banks also acknowledges that it will, independently and without reliance upon the Administrative Agent or any Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under or based upon the Loan Documents, any related agreement or any document furnished thereunder.

Section 9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Banks and the Borrower. Upon receipt of any such notice of resignation, the Required Banks may, with the consent of the Borrower (which consent shall not be unreasonably withheld and shall not be required during an Event of Default), appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Banks and after consultation with the Banks and the Borrower, appoint a successor Administrative Agent. Upon the acceptance by any person of its appointment as a successor Administrative Agent, such person shall thereupon succeed to and become vested with all the rights, powers, privileges, duties and obligations of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations as Administrative Agent under the Loan Documents. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

Section 9.07 Syndication Agent and Documentation Agent. Neither the Syndication Agent nor the Documentation Agent shall have any rights, powers, obligations, liabilities, responsibilities or duties under the Loan Document other than those applicable to all Banks as such. Without limiting the foregoing, neither of the Banks identified as "Syndication Agent" or "Documentation Agent" shall have or be deemed to have any fiduciary relationship with any Bank. Each of the Banks acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE X  
MISCELLANEOUS

Section 10.01 Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, graphic scanning or other telegraphic communications equipment of the sending party, as follows:

(a) if to the Borrower, to:  
Avista Corporation  
1411 East Mission Avenue (99202)  
P.O. Box 3727  
Spokane, Washington 99220  
Attention: Senior Vice President and Chief Financial Officer  
Telecopy: 509-495-4879

(b) if to the Administrative Agent for credit matters, to:

Union Bank of California, N.A.  
445 South Figueroa Street, 15<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Power & Utilities  
Telecopy: 213-236-4096

and if to the Administrative Agent for operational matters, to:

Union Bank of California, N.A.  
1980 Saturn Street, Mail Code 4-957-161  
Monterey Park, California 91754  
Attention: Martha Arreaga, Commercial Loan & Agency Services  
Telephone: 323-720-2578  
Telecopy: 323-720-2780  
E-mail: martha.arreaga@uboc.com

(c) if to a Bank, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Assumption pursuant to which such Bank shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or other telegraphic communications equipment of the sender, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 10.01.

Section 10.02 Survival of Agreement. All covenants, agreements, representations and warranties, including any indemnities and reimbursement obligations, made by the Borrower in the Loan Documents and in the certificates or other instruments prepared or delivered in connection therewith or pursuant thereto shall be considered to have been relied upon by the Banks and shall survive the making by the Banks of the Loans and the execution and delivery to the Banks of any Notes evidencing such Loans, regardless of any investigation made by the Banks, or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated.

Section 10.03 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Bank, and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Bank and their respective successors and permitted assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Administrative Agent or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and permitted assigns.

Section 10.04 Successors and Assigns.

(a) Subject to Section 6.03, the Borrower may not assign or delegate any of its rights or duties under any of the Loan Documents without the prior written consent of each of the Banks.

(b) Each Bank (including the Administrative Agent when acting as a Bank) may assign to one or more assignees all or a portion of its interests, rights and obligations under the Loan Documents (including all or a portion of its Commitment and the same portion of the applicable Loan or Loans at the time owing to it); provided, however, that (i) except in the case of an assignment to a Bank or Affiliate of a Bank, the Borrower and the Administrative Agent must give their prior written consent to such assignment (which consents shall not be unreasonably withheld), provided that the consent of the Borrower shall not be required if an Event of Default shall exist, (ii) no assignee of any Bank shall be entitled to receive any greater payment or protection under Section 2.11, 2.12(a) or 2.17 than such Bank would have been entitled to receive with respect to the rights assigned or otherwise transferred unless such assignment or transfer shall have been made at a time when the circumstances giving rise to such greater payment did not exist, (iii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, (iv) the amount of the Commitment of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 (or, if less, the total amount of such Bank's Commitment), (v) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption and a processing and recordation fee of

\$3,500 and (vi) the assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (d) of this Section 10.04, from and after the effective date specified in each Assignment and Assumption, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under the Loan Documents and (B) the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under the Loan Documents (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Bank's rights and obligations under the Loan Documents, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.11, 2.13, 2.17 and 9.05, as well as to any Fees accrued for its account and not yet paid).

(c) The Administrative Agent shall maintain a copy of each Assignment and Assumption delivered to it, including the recordation of the names and addresses of the Banks, and the Commitment of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "**Register**"). The Administrative Agent and the Banks may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of the Loan Documents. The Register shall be available for inspection by the Borrower and any Bank at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Bank hereunder), the processing and recordation fee referred to in paragraph (b) above and, to the extent required, the written consent of the Borrower and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Upon the request of the assignee, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, a new Note or Notes to the order of such assignee in a principal amount equal to the applicable Commitment assumed by it pursuant to such Assignment and Assumption and, if the assigning Bank has retained a Commitment, upon the request of the assigning Bank, the Borrower shall execute and deliver a new Note to the order of such assigning Bank in a principal amount equal to the applicable Commitment retained by it. Canceled Notes shall be returned to the Borrower.

(e) Each Bank may without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitment and the Loans owing to it and any Notes held by it); provided, however, that (i) such Bank's obligations under the Loan Documents shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.11, 2.13 and 2.17 to the same extent as if they were Banks (provided, that the amount of such benefit shall be limited to the amount in respect of the interest



sold to which the seller of such participation would have been entitled had it not sold such interest) and (iv) the Borrower, the Administrative Agent and the Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under the Loan Documents, and such Bank shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of the Loan Documents (other than amendments, modifications or waivers (A) decreasing any Fees or the amount of principal of or the rate at which interest is payable on the Loans, (B) extending any scheduled date for the payment of Fees or principal of or interest on Loans, (C) extending the expiration date of the Commitments or (D) releasing the First Mortgage Bond or releasing all or substantially all of the collateral therefor, in each such case except pursuant to Article VIII).

(f) Any Bank or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Bank by or on behalf of the Borrower; provided that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information.

(g) Notwithstanding anything to the contrary contained herein, any Bank (a "**Granting Bank**") may grant to a special-purpose funding vehicle (an "**SPC**") the option to fund all or any part of any Loan that such Granting Bank would otherwise be obligated to fund pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to fund all or any part of such Loan, the Granting Bank shall be obligated to fund such Loan pursuant to the terms hereof. The funding of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent as if such Loan were funded by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or payment under the Loan Documents for which a Bank would otherwise be liable for so long as, and to the extent, the Granting Bank provides such indemnity or makes such payment. Notwithstanding anything to the contrary contained in this Agreement, any SPC may disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee to such SPC. This paragraph may not be amended without the prior written consent of each Granting Bank, all or any part of whose Loans are being funded by an SPC at the time of such amendment.

(h) Any Bank may at any time assign for security purposes all or any portion of its rights under the Loan Documents to a Federal Reserve Bank; provided that no such assignment shall release a Bank from any of its obligations thereunder.

#### Section 10.05 Expenses; Indemnity, Damage Waiver.

(a) The Borrower agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees, charges and disbursements of internal or external legal counsel)

(i) incurred by the Administrative Agent in connection with the preparation of the Loan Documents or in connection with any amendments, modifications or waivers of the provisions thereof (whether or not the transactions thereby contemplated shall be consummated) or  
(ii) incurred by the Administrative Agent or any Bank in connection with the enforcement or protection of its rights in connection with the Loan Documents or any Loan.

(b) The Borrower agrees that it shall indemnify the Administrative Agent and the Banks against and hold them harmless from any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any of the other Loan Documents.

(c) The Borrower agrees to indemnify the Administrative Agent and each Bank and each of their respective directors, officers, employees and agents (each such person being called an "*Indemnitee*") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of, (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(d) To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof; provided that such waiver shall not, as to any Indemnitee, apply to special, indirect or consequential damages to the extent resulting from, or punitive damages awarded on account of, conduct by such Indemnitee that is determined by a court of competent jurisdiction by final and nonappealable judgment to have constituted gross negligence or willful misconduct by such Indemnitee.

(e) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent or any Bank. All amounts due under this Section 10.05 shall be payable on written demand therefor.

Section 10.06 Right of Setoff. If an Event of Default shall have occurred and be continuing and the Loans shall have been accelerated as set forth in Article VII, each of the

Banks is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank (or person Controlling such Bank) to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower are owed to a branch or office of such Bank different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Bank under this Section are in addition to other rights and remedies (including other rights of setoff) which such Bank may have. Any Bank shall promptly notify the Borrower after exercising its rights under this Section.

Section 10.07 Applicable Law. THIS AGREEMENT, AND THE OTHER LOAN DOCUMENTS OTHER THAN THE FIRST MORTGAGE BOND, THE FIRST MORTGAGE AND THE SUPPLEMENTAL INDENTURE, SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 10.08 Waivers; Amendment.

(a) No failure or delay of the Administrative Agent or any Bank in exercising any power or right under the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Banks hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither the Loan Documents nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Banks; provided, however, that no such agreement shall (i) without the consent of the applicable Bank, (A) decrease the principal of or the rate of interest on such Bank's Loans or the Fees payable to such Bank, (B) extend the date for any scheduled payment of principal of or interest on such Bank's Loans or the Fees payable to such Bank, or (C) increase the amount or extend the expiration date of such Bank's Commitment, or (ii) without the consent of each Bank, (A) release the First Mortgage Bond or release all or substantially all of the collateral therefor, in each such case except pursuant to Article VIII, or (B) amend or modify the provisions of Section 2.14, the provisions of this Section, the definition of "Required Banks" or any other provision requiring the consent or agreement of each of the Banks; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent under the Loan Documents without the prior written consent of the Administrative Agent. Each Bank and each holder of a Note shall be bound by any

waiver, amendment or modification authorized by this Section regardless of whether its Note shall have been marked to make reference thereto, and any consent by any Bank or holder of a Note pursuant to this Section shall bind any person subsequently acquiring a Note from it, whether or not such Note shall have been so marked.

Section 10.09 Interest Rate Limitation. Notwithstanding anything herein or in any Notes to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the “*Charges*”), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Bank, shall exceed the maximum lawful rate (the “*Maximum Rate*”) which may be contracted for, charged, taken, received or reserved by such Bank in accordance with applicable law, the rate of interest payable under any Note held by such Bank, together with all Charges payable to such Bank, shall be limited to the Maximum Rate.

Section 10.10 Entire Agreement. Each Loan Document constitutes the entire contract between or among the parties relative to the subject matter thereof, and any previous agreement between or among the parties with respect to the subject matter thereof is superseded by such Loan Document. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 10.11 Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.11.

Section 10.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

Section 10.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 10.15 Jurisdiction; Consent to Service of Process.

(a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.16 USA Patriot Act Notification. Each Bank hereby notifies the Borrower that, pursuant to the requirements of the USA Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "*Act*"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank to identify the Borrower in accordance with the Act. The Borrower agrees to cooperate with each Bank and provide true, accurate and complete information to such Bank in response to any such request.

[Signature pages follow.]

WITNESS the due execution hereof as of the date first above written.

AVISTA CORPORATION

By:     /s/ Ann M. Wilson    

Name: Ann M. Wilson

Title: VP Finance Treasurer

UNION BANK OF CALIFORNIA, N.A., as  
Administrative Agent and a Bank

By: /s/ Pascal Uttinger  
Name: Pascal Uttinger  
Title: Vice President

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Syndication Agent and a Bank

By:     /s/ Tom Beil      
Name: Tom Beil  
Title: Vice President



JPMORGAN CHASE BANK, N.A., as  
Documentation Agent and a Bank

By: /s/ Jennifer Fitzgerald  
Name: Jennifer Fitzgerald  
Title: Associate

KEYBANK NATIONAL ASSOCIATION

By: /s/ Kevin D. Smith

Name: Kevin D. Smith

Title: Senior Vice President

SUNTRUST BANK

By: /s/ Andrew Johnson

Name: Andrew Johnson

Title: Director

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Kurban H. Merchant

Name: Kurban H. Merchant

Title: Vice President

THE BANK OF NEW YORK MELLON

By: /s/ Mark W. Rogers

Name: Mark W. Rogers

Title: Vice President

UBS LOAN FINANCE LLC

By:       /s/ Irja R. Otsa      /s/ Mary E. Evans      

Names: Irja R. Otsa                    Mary E. Evans

Title: Associate Director, Banking Products  
Services, US