



News Release

Contact: Avista Labs: Sandra Saathoff (509) 228-6553 ssaathoff@avistalabs.com
Chrysalix: Mike Sherman (604) 659-5499 info@chrysalix.com

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Avista Labs Secures Private Equity Financing *Chrysalix Energy leads Series "A" venture capital round*

Spokane, Wash.: – Avista Labs, the leading provider of reliability-based fuel cell solutions for premium backup power, has secured US\$7.5M in its first round of independent financing. The financing syndicate, led by Vancouver-based Chrysalix Energy LP includes Wall Street Technology Partners of New York, and Buerk Craig Victor LLC of Seattle.

This financing will provide the necessary capital to support Avista Labs' continuing development and commercialization of its proprietary line of fuel cell products which are currently being sold and installed in commercial applications. Cascadia Capital LLC acted as advisor to Avista Labs on the financing round. Former parent company, Avista Corporation, will retain 19.9 percent ownership of the new entity, AVL B Inc., which will continue to do business under the name Avista Labs.

"We believe Avista Labs has the potential to be a dominant player in this multi-billion dollar industry," said Wal van Lierop, President and CEO of Chrysalix, the leading investor in the fuel cell sector. "Avista Labs stands out as a company with real commercial product developed to meet the specific needs of customers in the premium backup power market."

Avista Labs President and CEO, Mike Davis commented, "We have been very fortunate to have the kind of support from Avista Corp that we have enjoyed over the past several years. Their financial support and assistance has allowed us to grow to the point where we are selling products to real-world customers, and we are pleased to continue the relationship through their minority ownership."

Davis continued, "Going forward, this group of investors is poised to accelerate our commercialization efforts. They provide access to a strong pool of resources and expertise that will attract partners and customers to the company's unique offering. Together, we can continue to build on Avista Labs' leadership position in the premium power markets and beyond."

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Avista Labs currently markets three fuel cell products from its Independence™ line for commercial and industrial backup power solutions in the 50-Watt to five kilowatt range. Its patented modular cartridge technology® provides unparalleled reliability for backup of critical power loads by allowing customers to perform maintenance while the system continues to operate.

Tom Pigott, Venture Partner, Buerk Craig Victor commented, “Avista Labs provides BCV the opportunity to help build a great company within the energy sector, an industry that has always been a foundation of the Northwest economy. We are pleased to support Mike Davis and his team through this next phase of rapid growth and expect the company to achieve significant milestones in the next 24 months.”

“Two years ago Avista Labs purposely shifted their market focus to the premium power markets with fuel cells running on bottled hydrogen for backup power applications,” stated Adam Lichtenstein, partner, Wall Street Technology Partners. “The fact that many other PEM fuel cell developers are now focusing on this same market validates the move by Avista Labs and strengthens their leadership position in this space. Since the addressable markets are quite sizable to support numerous suppliers, this is very positive for the industry as a whole.”

About Chrysalix:

Chrysalix Energy Limited Partnership is an early-stage venture capital firm focusing on fuel cell & related fueling technology companies and is a private equity joint venture between Ballard Power Systems, BASF Venture Capital, The BOC Group, The Boeing Company, Duke Energy, Mitsubishi Corporation and Shell Hydrogen. Operating independently, Chrysalix offers a unique value proposition to its start-up clients throughout the business planning, start-up and operations phases of development. Chrysalix provides early-stage funding to new companies as well as management assistance, technological knowledge, organized networking with industry players and experience in the management of intellectual property. www.chrysalix.com

About Wall Street Technology Partners:

Wall Street Technology Partners LP (WSTP) is a New York-based technology fund founded in 2000. The fund invests in mid-to-late stage US-based technology and media companies across a wide industry spectrum, including software applications, servers and storage, semiconductors, wireless, telecom systems and enterprise and carrier networks. WSTP has in excess of \$100 million of capital

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under management and is an affiliate of Dresdner Kleinwort Capital, a member of the Allianz Group.

www.wallstreettp.com

About Buerk Craig Victor LLC:

Buerk Craig Victor LLC is a Pacific Northwest private equity firm that is dedicated to growing capital for investors by partnering with the region's most exciting growth companies from diversified stages and sectors. With over 198 years of investment and operational expertise, Buerk Craig Victor is uniquely positioned to help entrepreneurs build successful, enduring businesses. The team has served as executive managers, board members, and investors for many of the Northwest's most successful growth companies, including Shurgard Storage, Olympic Stain, The Commerce Bank, and Northwestern Trust.

www.bcvllc.com

About Avista Corp:

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated subsidiaries include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is www.avistacorp.com

About Avista Labs:

Avista Labs is a leader in the development and marketing of modular Proton Exchange Membrane (PEM) fuel cell products. The company markets a variety of commercially available fuel cells using its patented Modular Cartridge Technology®. Avista Labs products are available domestically and internationally for commercial and industrial backup applications in the 50 Watt to 5 kilowatt range. Avista Labs fuel cells are certified to US and international safety and performance standards. Financial partners include Chrysalix Energy LP, Wall Street Technology Partners, Buerk Craig Victor, LLC, and Avista Corp. www.avistalabs.com .

This press release contains "forward-looking statements." These forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause Avista Labs' actual results, performance, or achievements to be materially different from any future results, performance or achievements express or implied by such forward-looking statements. The forward-looking statements

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made in this press release are based on assumptions and judgments of management regarding future events and results. These assumptions and judgments may prove to be inaccurate as a result of a number of factors, many of which are beyond Avista Labs' control, and its actual results may differ materially from the results contemplated in these forward-looking statements.

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