

PURCHASE AGREEMENT

\$150,000,000

Rochester Gas and Electric Corporation

5.90% First Mortgage Bonds, due 2019, Series YY

June 24, 2009

Banc of America Securities LLC
J.P. Morgan Securities Inc.
UBS Securities LLC

c/o J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

Rochester Gas and Electric Corporation, a New York corporation (the "Company"), proposes to issue and sell to Banc of America Securities LLC, J.P. Morgan Securities Inc. and UBS Securities LLC (the "Initial Purchasers"), \$150,000,000 principal amount of its 5.90% First Mortgage Bonds, due 2019, Series YY (the "Securities"). The Securities will be issued pursuant to a Supplemental Indenture to be dated as of June 29, 2009 (the "Supplemental Indenture") between the Company and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"). The Supplemental Indenture supplements the General Mortgage dated September 1, 1918, between the Company and the Trustee (formerly Bankers Trust Company), as amended and supplemented by various supplemental indentures, including the Supplemental Indenture (the "Mortgage").

The Securities will be sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption therefrom. The Company has prepared a preliminary offering memorandum dated June 24, 2009 (the "Preliminary Offering Memorandum") and will prepare an offering memorandum dated the date hereof (the "Offering Memorandum") setting forth information concerning the Company and the Securities. Copies of the Preliminary Offering Memorandum have been, and copies of the Offering Memorandum will be, delivered by the Company to the Initial Purchasers pursuant to the terms of this Agreement. The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum, the other Time of Sale Information (as defined below) and the Offering Memorandum in connection with the offering and resale of the Securities by the Initial Purchasers in the manner contemplated by this Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Preliminary Offering Memorandum. References herein to "the Time of Sale Information and the Offering Memorandum" are to each of the Time of Sale Information and the Offering Memorandum as a separate or stand-alone document (and not the two documents taken together), so that

representations, warranties, agreements, conditions and legal opinions will be made, given or measured independently in respect of each of the Time of Sale Information and the Offering Memorandum.

At or prior to the time when sales of the Securities were first made (the "Time of Sale"), the following information shall have been prepared (collectively, the "Time of Sale Information"): the Preliminary Offering Memorandum, as supplemented and amended by the written communications listed on Annex A hereto.

The Company hereby confirms its agreement with the several Initial Purchasers concerning the purchase and resale of the Securities, as follows:

1. Purchase and Resale of the Securities. (a) Subject to the terms and conditions and in reliance on the representations and warranties set forth herein, the Company agrees to issue and sell the Securities to the several Initial Purchasers as provided in this Agreement, and each Initial Purchaser, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase from the Company the respective principal amount of Securities set forth opposite such Initial Purchaser's name in Schedule 1 hereto at a price equal to 99.211% of the principal amount thereof plus accrued interest, if any, from June 29, 2009 to the Closing Date. The Company will not be obligated to deliver any of the Securities except upon payment for all the Securities to be purchased as provided herein.

(b) The Company understands that the Initial Purchasers intend to offer the Securities for resale on the terms set forth in the Time of Sale Information. Each Initial Purchaser, severally and not jointly, represents, warrants and agrees with the Company, which agreement shall be confirmed by such Initial Purchaser's purchase of the Securities, that:

(i) it is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act (a "QIB") and an accredited investor within the meaning of Rule 501(a) under the Securities Act;

(ii) neither it nor any person acting on its behalf has solicited offers for, or offered or sold, or will solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act ("Regulation D") or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; and

(iii) neither it nor any person acting on its behalf has solicited offers for, or offered or sold, or will solicit offers for, or offer or sell, the Securities as part of their initial offering except, within the United States to persons whom it reasonably believes to be QIBs in transactions pursuant to Rule 144A under the Securities Act ("Rule 144A") and in connection with each such sale, it has taken or will take reasonable steps to ensure that the purchaser of the Securities is aware that such sale is being made in reliance on Rule 144A.

(c) Each Initial Purchaser acknowledges and agrees that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 6(f) and

6(g), counsel for the Company and counsel for the Initial Purchasers, respectively, may rely upon the accuracy of the representations and warranties of the Initial Purchasers, and compliance by the Initial Purchasers with their agreements, contained in paragraph (b) above, and each Initial Purchaser hereby consents to such reliance.

(d) The Company acknowledges and agrees that the Initial Purchasers may offer and sell Securities to or through any affiliate of an Initial Purchaser and that any such affiliate may offer and sell Securities purchased by it to or through any Initial Purchaser so long as such affiliate is a QIB and an accredited investor within the meaning of Rule 501(a) under the Securities Act.

(e) The Company acknowledges and agrees that the Initial Purchasers are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Securities contemplated hereby (including in connection with determining the terms of the offering) and not as financial advisors or fiduciaries to, or agents of, the Company or any other person. Additionally, no Initial Purchaser is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Initial Purchasers shall not have any responsibility or liability to the Company with respect thereto. Any review by any Initial Purchaser of the Company and the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of such Initial Purchaser, and shall not be on behalf of the Company or any other person.

2. Payment and Delivery. (a) Payment for and delivery of the Securities will be made at the offices of Day Pitney LLP, New York, New York at 10:00 A.M., New York City time, on June 29, 2009, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Initial Purchasers and the Company may agree upon in writing. The time and date of such payment and delivery is referred to herein as the "Closing Date."

(b) Payment for the Securities shall be made by wire transfer in immediately available funds to the account(s) specified by the Company to the Initial Purchasers against delivery to the nominee of The Depository Trust Company, for the account of the Initial Purchasers, of one or more global notes representing the Securities (collectively, the "Global Note"), with any transfer taxes payable in connection with the sale of the Securities duly paid by the Company. The Global Note will be made available for inspection by the Initial Purchasers not later than 1:00 P.M., New York City time, on the business day prior to the Closing Date.

3. Representations and Warranties of the Company. The Company represents and warrants to each Initial Purchaser that:

(a) *Preliminary Offering Memorandum, Time of Sale Information and Offering Memorandum.* The Preliminary Offering Memorandum, as of its date, did not, the Time of Sale Information, at the Time of Sale, did not, and at the Closing Date, will not, and the Offering Memorandum, in the form first used by the Initial Purchasers to confirm sales of the Securities and as of the Closing Date, will not, contain any untrue statement of a material fact or omit to

state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in the Preliminary Offering Memorandum, the Time of Sale Information or the Offering Memorandum as provided in Section 7(b);

(b) *Additional Written Communications.* The Company (including its agents and representatives, other than the Initial Purchasers in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any written communication that constitutes an offer to sell or solicitation of an offer to buy the Securities (each such communication by the Company or its agents and representatives (other than a communication referred to in clauses (i), (ii) and (iii) below) an "Issuer Written Communication") other than (i) the Preliminary Offering Memorandum, (ii) the Offering Memorandum, (iii) the documents listed on Annex A hereto, including a term sheet substantially in the form of Annex B hereto, which constitute part of the Time of Sale Information, and (iv) any electronic road show or other written communications, in each case used in accordance with Section 4(c). Each such Issuer Written Communication, when taken together with the Time of Sale Information, did not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in each such Issuer Written Communication in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in any Issuer Written Communication as provided in Section 7(b);

(c) *Financial Statements.* The financial statements in the Time of Sale Information and the Offering Memorandum present fairly the financial position, results of operations and changes in financial position of the Company at the dates and for the periods indicated, all in conformity with generally accepted accounting principles in the United States, consistently applied through the periods involved, and the Company has no material contingent obligation which is not disclosed in the Time of Sale Information and the Offering Memorandum;

(d) *No Material Adverse Effect.* The Company has not sustained, since the date of the latest audited financial statements included in each of the Time of Sale Information and the Offering Memorandum, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which would result in any material adverse effect, or any development involving a prospective material adverse effect in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company, otherwise than as set forth or contemplated in the Time of Sale Information and the Offering Memorandum; and, since the respective dates as of which information is given in the Time of Sale Information and the Offering Memorandum, there has not been any change in the capital stock or long-term debt of the Company, or any material adverse effect, or any development involving a prospective material adverse effect on the general affairs, management, financial position, shareholders' equity or results of operations of the Company (a "Material Adverse

Effect”), otherwise than as set forth or contemplated in the Time of Sale Information and the Offering Memorandum;

(e) *Organization and Good Standing.* The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Time of Sale Information and the Offering Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(f) *Capitalization.* All of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(g) *Due Authorization.* This Agreement has been duly authorized, executed and delivered by the Company. The Securities have been duly authorized, and, when duly executed, authenticated, issued and delivered as provided in the Mortgage, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws or judicial decisions of general applicability relating to or affecting creditors’ rights and to general equity principles (regardless of whether enforcement is considered in a proceeding at law or in equity) (collectively, the “Enforceability Exceptions”) and entitled to the benefits provided by the Mortgage; the Mortgage has been duly authorized and constitutes and, at the Closing Date, will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject to the Enforceability Exceptions; the Supplemental Indenture has been duly authorized and, at the Closing Date, will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject to the Enforceability Exceptions; and the Mortgage and the Securities conform in all material respects to the descriptions thereof contained in the Time of Sale Information and the Offering Memorandum (this Agreement, the Securities and the Mortgage are collectively referred to as the “Transaction Documents”);

(h) *Descriptions of the Transaction Documents.* Each Transaction Document conforms in all material respects to the description thereof contained in each of the Time of Sale Information and the Offering Memorandum.

(i) *No Violation or Default.* The Company is not (i) in violation of its Restated Certificate of Incorporation, as amended, or By-laws, (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such default in the due performance or observance of any obligation, agreement, covenant or condition contained in any contracts, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject, or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect;

(j) *No Conflicts.* The issue and sale of the Securities, the execution, delivery and performance by the Company of each of the Transaction Documents, to which it is a party, and

compliance by the Company with all of the provisions of the Transaction Documents and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties;

(k) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or filing with any federal or state commission, court or governmental agency or body is required for the execution, delivery and performance by the Company of any of the Transaction Documents to which it is a party, the issue and sale of the Securities or the consummation by the Company of the transactions contemplated by this Agreement or the Mortgage, except for such consents, approvals, authorizations, orders, registrations, qualifications or filings as have been, or will have been, obtained or made from or with the Public Service Commission of the State of New York prior to the Closing Date, and such consents, approvals, authorizations, orders, registrations, qualifications or filings as may be required under state securities or Blue Sky laws in connection with the purchase and resale of the Securities by the Initial Purchasers;

(l) *Legal Proceedings.* Other than as set forth in the Time of Sale Information and the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject which, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect on the Company, or would materially and adversely affect the ability of the Company to perform its obligations under the Mortgage or this Agreement, or are otherwise material in the context of the sale of the Securities; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(m) *Independent Accountants.* PricewaterhouseCoopers LLP, who has audited the financial statements of the Company for the period ended December 31, 2008, and has not audited any financial statements of the Company for any period subsequent to December 31, 2008, is an independent certified public accountant with respect to the Company under Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and its rulings and interpretations;

(n) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in each of the Time of Sale Information and the Offering Memorandum, will not be an "investment company," as such term is defined in the Investment Company Act of 1940, as amended and the rules and regulations of the Securities and Exchange Commission thereunder;

(o) *Compliance With Environmental Laws.* Other than as set forth in the Time of Sale Information and the Offering Memorandum, the Company (i) is in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants

or contaminants ("Environmental Laws"), (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business, (iii) has not received notice of any actual or potential liability under or relating to any Environmental Laws, and (iv) is in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect on the Company;

(p) *Accounting Controls.* The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(q) *No Broker's Fees.* The Company is not a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or any Initial Purchaser for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Securities;

(r) *Rule 144A Eligibility.* On the Closing Date, the Securities will not be of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in an automated inter-dealer quotation system; and each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, contains or will contain all the information that, if requested by a prospective purchaser of the Securities, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act;

(s) *No Integration.* Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act;

(t) *No General Solicitation or Directed Selling Efforts.* None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no representation is made) has (i) solicited offers for, or offered or sold, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act or (ii) engaged in any directed selling efforts within the meaning of Regulation S under the Securities Act ("Regulation S"), and all such persons have complied with the offering restrictions requirement of Regulation S;

(u) *Securities Law Exemptions.* Assuming the accuracy of the representations and warranties of the Initial Purchasers contained in Section 1(b) and their compliance with their

agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the offer, resale and delivery of the Securities by the Initial Purchasers in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum, to register the Securities under the Securities Act or to qualify the Mortgage under the Trust Indenture Act;

(v) *No Stabilization.* The Company has not taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities;

(w) *Licenses and Permits.* The Company possesses all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of its properties or the conduct of its business as described in each of the Time of Sale Information and the Offering Memorandum, except where the failure to possess to make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in each of the Time of Sale Information and the Offering Memorandum and except where such revocation, modification or failure to renew would not, individually or in the aggregate, have a Material Adverse Effect, the Company has not received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course; and

(x) *No Unlawful Payments.* Neither the Company nor, to the best knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; or (iii) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment from corporate funds.

4. Further Agreements of the Company. The Company covenants and agrees with each Initial Purchaser that:

(a) *Delivery of Copies.* At any time prior to the completion of the sale of the Securities by the Initial Purchasers, the Company will deliver, without charge, to the Initial Purchasers as many copies of the Preliminary Offering Memorandum, any other Time of Sale Information, any Issuer Written Communication and the Offering Memorandum (including all amendments and supplements thereto) as the Initial Purchasers may reasonably request.

(b) *Offering Memorandum, Amendments or Supplements.* Before finalizing the Offering Memorandum or making or distributing any amendment or supplement to any of the Time of Sale Information or the Offering Memorandum, the Company will furnish to the Initial Purchasers and counsel for the Initial Purchasers a copy of the proposed Offering Memorandum or such amendment or supplement for review, and will not distribute any such proposed Offering Memorandum, amendment or supplement to which the Initial Purchasers reasonably object.

(c) *Additional Written Communications.* Before making, preparing, using, authorizing, approving or referring to any Issuer Written Communication, the Company will

furnish to the Initial Purchasers and counsel for the Initial Purchasers a copy of such written communication for review and will not make, prepare, use, authorize, approve or refer to any such written communication to which the Initial Purchasers reasonably object.

(d) *Notice to the Initial Purchasers.* The Company will advise the Initial Purchasers promptly, and confirm such advice in writing, (i) of the issuance by any governmental or regulatory authority of any order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication or the Offering Memorandum or the initiation or threatening of any proceeding for that purpose; (ii) of the occurrence of any event at any time prior to the completion of the initial offering of the Securities as a result of which any of the Time of Sale Information, any Issuer Written Communication or the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when such Time of Sale Information, Issuer Written Communication or the Offering Memorandum is delivered to a purchaser, not misleading; and (iii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Securities for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication or the Offering Memorandum or suspending any such qualification of the Securities.

(e) *Time of Sale Information.* If at any time prior to the Closing Date (i) any event shall occur or condition shall exist as a result of which any of the Time of Sale Information as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (ii) it is necessary to amend or supplement any of the Time of Sale Information to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (b) above, furnish to the Initial Purchasers such amendments or supplements to any of the Time of Sale Information as may be necessary so that the statements in any of the Time of Sale Information as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading or so that any of the Time of Sale Information will comply with law.

(f) *Ongoing Compliance of the Offering Memorandum.* If at any time prior to the completion of the initial offering of the Securities (i) any event shall occur or condition shall exist as a result of which the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Offering Memorandum to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (b) above, furnish to the Initial Purchasers such amendments or supplements to the Offering Memorandum as may be necessary so that the statements in the Offering Memorandum as so amended or supplemented will not, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, be misleading or so that the Offering Memorandum will comply with law.

(g) *Blue Sky Compliance.* The Company will qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of the Securities; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(h) *Clear Market.* During the period from the date hereof through and including the date that is 30 days after the date hereof, the Company will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell or otherwise dispose of any debt securities issued by the Company and having a tenor of more than one year.

(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Securities as described in each of the Time of Sale Information and the Offering Memorandum under the heading "Use of Proceeds."

(j) *Supplying Information.* While the Securities remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, furnish to holders of the Securities and prospective purchasers of the Securities designated by such holders, upon the request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(k) *No Resales by the Company.* From the date hereof through the second anniversary of the Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Securities that have been acquired by any of them, except for Securities purchased by the Company or any of its affiliates and resold in a transaction registered under the Securities Act.

(l) *No Integration.* Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) will, directly or through any agent, sell, offer for sale, solicit offers to buy or otherwise negotiate in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(m) *No General Solicitation or Directed Selling Efforts.* None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no covenant is given) will (i) solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act or (ii) engage in any directed selling efforts within the meaning of Regulation S, and all such persons will comply with the offering restrictions requirement of Regulation S.

(n) *No Stabilization.* The Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities.

5. Certain Agreements of the Initial Purchasers. Each Initial Purchaser hereby represents and agrees that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (i) the Preliminary Offering Memorandum and the Offering Memorandum, (ii) a written communication that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included in the Preliminary Offering Memorandum or the Offering Memorandum, (iii) any written communication listed on Annex A or prepared pursuant to Section 4(c) above (including any electronic road show), (iv) any written communication prepared by such Initial Purchaser and approved by the Company in advance in writing or (v) any written communication relating to or that contains the terms of the Securities and/or other information that was included in the Preliminary Offering Memorandum or the Offering Memorandum.

6. Conditions of Initial Purchasers' Obligations. The obligation of each Initial Purchaser to purchase Securities on the Closing Date as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof, as of the Time of Sale, and on and as of the Closing Date; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date.

(b) *No Downgrade.* Subsequent to the earlier of (A) the Time of Sale and (B) the execution and delivery of this Agreement, (i) no downgrading shall have occurred in the rating accorded the Securities or any other debt securities or preferred stock issued or guaranteed by the Company by any "nationally recognized statistical rating organization," as such term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Securities Act; and (ii) no such organization shall have publicly announced that it has under surveillance or review, or has changed its outlook with respect to, its rating of the Securities or of any other debt securities or preferred stock issued or guaranteed by the Company (other than an announcement with positive implications of a possible upgrading).

(c) *No Material Adverse Effect.* No event or condition of a type described in Section 3(d) hereof shall have occurred or shall exist, which event or condition is not described in each of the Time of Sale Information (excluding any amendment or supplement thereto) and the Offering Memorandum (excluding any amendment or supplement thereto) the effect of which in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

(d) *Officer's Certificate.* The Initial Purchasers shall have received on and as of the Closing Date a certificate of an executive officer of the Company who has specific knowledge of the Company's financial matters and is satisfactory to the Initial Purchasers (i) confirming that such officer has carefully reviewed the Time of Sale Information and the Offering Memorandum and, to the best knowledge of such officer, the representations set forth in Sections 3(a) and 3(b) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date and (iii) to the effect set forth in paragraphs (b) and (c) above.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date, PricewaterhouseCoopers shall have furnished to the Initial Purchasers, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers and PricewaterhouseCoopers, containing statements and information of the type customarily included in accountants' letters with respect to Rule 144A offerings with respect to the financial statements and certain financial information contained in each of the Time of Sale Information and the Offering Memorandum; provided that the letter delivered on the Closing Date shall use a "cut-off" date no more than three business days prior to the Closing Date.

(f) *Opinions and Statement of Counsel and Special Counsel for the Company.* Dewey & LeBoeuf LLP, counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion and statement, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex C hereto, and Nixon Peabody LLP, special counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex D hereto.

(g) *Opinion and Statement of Counsel for the Initial Purchasers.* The Initial Purchasers shall have received on and as of the Closing Date an opinion and statement of Day Pitney LLP, counsel for the Initial Purchasers, with respect to such matters as the Initial Purchasers may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(h) *No Legal Impediment to Issuance.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Securities; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Securities.

(i) *Good Standing.* The Initial Purchasers shall have received on and as of the Closing Date satisfactory evidence of the good standing of the Company in its jurisdiction of organization and its good standing in such other jurisdictions as the Initial Purchasers may reasonably request, in each case in writing or any standard form of telecommunication, from the appropriate governmental authorities of such jurisdictions.

(j) *Additional Documents.* On or prior to the Closing Date, the Company shall have furnished to the Initial Purchasers such further certificates and documents as the Initial Purchasers may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

7. Indemnification and Contribution

(a) *Indemnification of the Initial Purchasers.* The Company agrees to indemnify and hold harmless each Initial Purchaser, the directors, officers, employees and agents of each Initial Purchaser and each person who controls any Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse such Initial Purchaser for any legal or other expenses reasonably incurred by such Initial Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto), in reliance upon and in conformity with written information relating to any Initial Purchaser furnished to the Company by the Initial Purchasers expressly for use therein as provided in Section 7(b).

(b) *Indemnification of the Company.* Each Initial Purchaser will severally and not jointly indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto) in reliance upon and in conformity with written information relating to such Initial Purchaser furnished to the Company by the Initial Purchasers expressly for use therein as provided in this Section 7(b); and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. The Company hereby

acknowledges that the only information that the Initial Purchasers have furnished to the Company expressly for use in the Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto) are the statements set forth in the [sixth] paragraph under the caption "Plan of Distribution" in the Preliminary Offering Memorandum and Offering Memorandum.

(c) *Notice and Procedures.* Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party (i) shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any liability other than the indemnification obligation provided in paragraph (a) or (b) above. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (other than local counsel)), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party.

(d) *Settlement.* The indemnifying party under this Section 7 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by Section 7(c) hereof, the indemnifying party

agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent (i) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) *Contribution; Limitation on Liability.* If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Initial Purchasers on the other from the offering of the Securities pursuant to this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Initial Purchasers of the Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Initial Purchasers on the other in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from such offering (before deducting expenses) received by the Company and the total discounts and commissions received by the Initial Purchasers bear to the aggregate offering price of the Securities. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Initial Purchasers on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this subsection (e) were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (e), no Initial Purchaser shall be required to contribute any amount in excess of the discounts and commissions received by such Initial Purchaser in connection with the Securities distributed by

it. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Initial Purchasers in this subsection (e) to contribute are several, and not joint, in proportion to their respective commitments set forth opposite their names in Schedule 1.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 7 are not exclusive and will not limit any rights or remedies that may otherwise be available to any indemnified person at law or in equity.

8. Termination. This Agreement may be terminated in the absolute discretion of the Initial Purchasers, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; (ii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iii) an outbreak or escalation of hostilities involving the United States or the declaration of a national emergency or war by the United States; or (iv) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or exchange controls in the United States or elsewhere, if the effect of any such event specified in clause (iii) or (iv) in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the public offering, sale or the delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

9. Defaulting Initial Purchaser. (a) If, on the Closing Date, any Initial Purchaser defaults on its obligation to purchase the Securities that it has agreed to purchase hereunder, the non-defaulting Initial Purchasers may in their discretion arrange for the purchase of such Securities by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Initial Purchaser, the non-defaulting Initial Purchasers do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Initial Purchasers to purchase such Securities on such terms. If other persons become obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non defaulting Initial Purchasers or the Company may postpone the Closing Date for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Time of Sale Information, the Offering Memorandum or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Time of Sale Information or the Offering Memorandum that effects any such changes. As used in this Agreement, the term "Initial Purchaser" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 9, purchases Securities that a defaulting Initial Purchaser agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Initial Purchaser to

purchase the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder plus such Initial Purchaser's pro rata share (based on the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder) of the Securities of such defaulting Initial Purchaser or Initial Purchasers for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers. Any termination of this Agreement pursuant to this Section 9 shall be without liability on the part of the Company, except that the Company will continue to be liable for the payment of expenses as set forth in Section 10 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any non-defaulting Initial Purchaser for damages caused by its default.

10. Payment of Expenses. (a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company agrees to pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (ii) the costs incident to the preparation and printing of the Preliminary Offering Memorandum, any other Time of Sale Information, any Issuer Written Communication and the Offering Memorandum (including any amendment or supplement thereto) and the distribution thereof; (iii) the costs of reproducing and distributing each of the Transaction Documents; (iv) the fees and expenses of the Company's counsel and independent accountants; (v) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchasers may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related fees and expenses of counsel for the Initial Purchasers); (vi) any fees charged by rating agencies for rating the Securities; (vii) the fees and expenses of the Trustee and any paying agent (including related fees and expenses of any counsel to such parties); and (viii) all expenses incurred by the Company in connection with any "road show" presentation to potential investors.

(b) If (i) this Agreement is terminated pursuant to Section 8, (ii) the Company for any reason fails to tender the Securities for delivery to the Initial Purchasers or (iii) the Initial Purchasers decline to purchase the Securities for any reason permitted under this Agreement, the Company agrees to reimburse the Initial Purchasers for all out-of-pocket costs and expenses (including the fees and expenses of their counsel) reasonably incurred by the Initial Purchasers in connection with this Agreement and the offering contemplated hereby.

11. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and any controlling persons referred to herein, and the affiliates, officers and directors of each Initial Purchaser referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be

construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Securities from any Initial Purchaser shall be deemed to be a successor merely by reason of such purchase.

12. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Initial Purchasers contained in this Agreement or made by or on behalf of the Company or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Initial Purchasers.

12. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act; (b) the term "business day" means any day other than a day on which banks are permitted or required to be closed in New York City; (c) the term "Exchange Act" means the Securities Exchange Act of 1934, as amended; and (d) the term "written communication" has the meaning set forth in Rule 405 under the Securities Act.

13. Miscellaneous. (a) *Authority of the Initial Purchasers.* Any action by the Initial Purchasers hereunder may be taken by J.P. Morgan Securities Inc. on behalf of the Initial Purchasers, and any such action taken by such party shall be binding upon the Initial Purchasers.

(b) *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Initial Purchasers shall be given to the Initial Purchasers c/o J.P. Morgan Securities Inc., 270 Park Avenue, New York, New York 10017, Attention: High Grade Syndication Desk, 8th Floor, fax no. (212) 834-6081. Notices to the Company shall be given at Rochester Gas and Electric Corporation, 89 East Avenue, Rochester, New York 14649-0001, Attention: Joseph J. Syta, Vice President, Controller & Treasurer, fax no. (585) 724-8285.

(c) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(d) *Counterparts.* This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

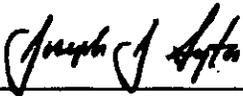
(e) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(f) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

ROCHESTER GAS AND ELECTRIC
CORPORATION

By 

Name: Joseph J. Syta

Title: Vice President, Controller and Treasurer

Accepted: June 24, 2009

Banc of America Securities LLC

By _____

Name:

Title:

J.P. Morgan Securities Inc.

By _____

Name:

Title:

UBS Securities LLC

By _____

Name:

Title:

By _____

Name:

Title:

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

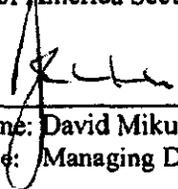
Very truly yours,

ROCHESTER GAS AND ELECTRIC
CORPORATION

By _____
Name:
Title:

Accepted: June 24, 2009

Banc of America Securities LLC

By  _____
Name: David Mikula
Title: Managing Director

J.P. Morgan Securities Inc.

By _____
Name:
Title:

UBS Securities LLC

By _____
Name:
Title:

By _____
Name:
Title:

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

ROCHESTER GAS AND ELECTRIC
CORPORATION

By _____

Name:

Title:

Accepted: June 24, 2009

Banc of America Securities LLC

By _____

Name:

Title:

J.P. Morgan Securities Inc.

By Robert Bottamedi

Name: ROBERT BOTTAMEDI

Title: VICE PRESIDENT

UBS Securities LLC

By _____

Name:

Title:

By _____

Name:

Title:

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

ROCHESTER GAS AND ELECTRIC
CORPORATION

By _____
Name:
Title:

Accepted: June 11, 2009

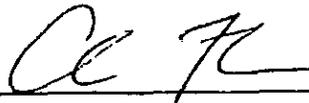
Banc of America Securities LLC

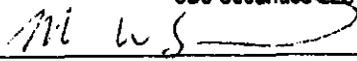
By _____
Name:
Title:

J.P. Morgan Securities Inc.

By _____
Name:
Title:

UBS Securities LLC

By  _____
Name:
Title: Christopher Forshner
Managing Director
UBS Securities LLC

By  _____
Name:
Title: Mark Spadacini
Associate Director
Debt Capital Markets
UBS Investment Bank

Additional Time of Sale Information

1. Term sheet containing the terms of the securities, substantially in the form of Annex B.

Rochester Gas and Electric Corporation

Pricing Term Sheet

Issuer: Rochester Gas and Electric Corporation
Security description:
Size: \$ _____
Gross proceeds:
Net proceeds to the Company (after expenses):
Maturity: _____, 20__
Coupon: _____%
Price: _____% of face amount
Yield to maturity: _____%
Spread to Benchmark Treasury: _____%
Benchmark Treasury: _____
Benchmark Treasury Price and Yield: _____%
Interest Payment Dates: _____ and _____, commencing _____, 20__
Optional redemption: Make-whole call @ T+[]bps
Trade date:
Settlement: T+; _____, 200__
CUSIP:
ISIN:
Ratings:
Bookrunners: Banc of America Securities LLC
J.P. Morgan Securities Inc.
UBS Securities LLC

The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws, and are offered only to institutional investors which are qualified institutional buyers (as defined in Rule 144A under the Securities Act). This term sheet should be read in conjunction with the Preliminary Offering Memorandum dated June 24, 2009 relating to the Securities.

Form of Opinion of Counsel for the Company

- (i) The Company is validly existing as a corporation and is in good standing under the laws of the State of New York, has the requisite corporate power to own its properties and conduct its business as described in the Time of Sale Information and the Offering Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the financial position, shareholders' equity or results of operations of the Company (a "Material Adverse Effect");
- (ii) The Agreement has been duly authorized, executed and delivered by the Company. The Securities have been duly authorized, and, when duly executed, authenticated, issued and delivered as provided in the Mortgage, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and transfer, and other laws or judicial decisions relating to or affecting the rights of mortgagees and creditors generally, to state and federal laws and judicial decisions that affect the enforcement of certain remedial provisions of the Mortgage, the Securities and the Supplemental Indenture, and to general principles of equity (regardless of whether such principles are considered in a proceeding at law or in equity); provided, however, that such state and federal laws and judicial decisions that affect the enforcement of certain remedial provisions of the Mortgage, Supplemental Indenture and the Securities will not, in such counsel's opinion, render the remedies afforded thereby inadequate for the practical realization of the benefit of the security provided thereby (collectively, the "Enforceability Exceptions"), and will be entitled to the benefits provided by the Mortgage; the Supplemental Indenture has been duly authorized, executed and delivered by the Company and, at the Closing Date, assuming it has been duly authorized, executed and delivered by the Trustee, the Supplemental Indenture will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject to the Enforceability Exceptions; and the Mortgage and the Securities conform in all material respects to the descriptions thereof contained in the Time of Sale Information and the Offering Memorandum (the Agreement, the Securities, and the Supplemental Indenture are collectively referred to as the "Transaction Documents");
- (iii) The execution, delivery and performance of the Transaction Documents, the performance of the Mortgage and the sale and delivery of the Securities by the Company will not (i) violate its Restated Certificate of Incorporation, as amended, or By-laws, (ii) to such counsel's knowledge, result in a conflict with or result in a breach or violation of, or constitute a default in the performance or observance of, any obligation, agreement, covenant or condition contained in any contracts, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject, or (iii) violate any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such

default or violation that would not, individually or in the aggregate, have a Material Adverse Effect;

- (iv) No consent, approval, authorization, order, registration or qualification of or filing with any federal or state commission, court or governmental agency or body is required for the execution, delivery and performance by the Company of any of the Transaction Documents to which it is a party or the performance by the Company of the Mortgage, the issue and sale of the Securities or the consummation by the Company of the transactions contemplated by the Transaction Documents or the Mortgage, except for such consents, approvals, authorizations, orders, registrations, qualifications or filings as have been, or will have been, obtained or made from or with the Public Service Commission of the State of New York prior to the Closing Date, and such consents, approvals, authorizations, orders, registrations, qualifications or filings as may be required under state securities or Blue Sky laws in connection with the purchase and resale of the Securities by the Initial Purchasers, as to which such counsel need express no opinion;
- (v) To such counsel's knowledge, except as set forth in the Time of Sale Information and the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject which, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect on the Company, or would materially and adversely affect the ability of the Company to perform its obligations under the Transaction Documents or the Mortgage; and, to such counsel's knowledge, no such proceedings are threatened by governmental authorities or others;
- (vi) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in each of the Time of Sale Information and the Offering Memorandum, will not be an "investment company," as such term is defined in the Investment Company Act of 1940, as amended and the rules and regulations of the Securities and Exchange Commission thereunder;
- (vii) The descriptions in each of the Time of Sale Information and the Offering Memorandum of statutes, legal, governmental and regulatory proceedings and contracts and other documents under the heading "Recent Developments," and each of the items under the following subheadings within the heading of "Management's Discussion and Analysis of Financial Condition and Results of Operation:" "Electric Delivery Rate Overview," "Electric Delivery Business Developments," "Natural Gas Delivery Rate Overview" and "Natural Gas Delivery Business Developments," fairly summarize the matters described therein in all material respects. The statements in each of the Time of Sale Information and the Offering Memorandum under the heading "Description of the Bonds" to the extent that they constitute summaries of matters of law or regulation or legal conclusions, fairly summarize the matters described therein in all material respects; and
- (viii) Assuming the accuracy of the representations and warranties of, and the performance of the agreements by, the Company and the Initial Purchasers contained in the Agreement, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the initial offer, resale and delivery of the Securities by the Initial

Purchasers in the manner contemplated by the Agreement, the Time of Sale Information and the Offering Memorandum, to register the Securities under the Securities Act or to qualify the Mortgage under the Trust Indenture Act, it being understood that no opinion is expressed as to any subsequent offer or resale of the Securities.

In addition, such counsel will provide in a separate letter a statement that such counsel has reviewed the Time of Sale Information and the Offering Memorandum as amended or supplemented, participated in discussions with the Initial Purchasers and the Company and its accountants at which the contents of the Time of Sale Information and the Offering Memorandum as amended or supplemented and related matters were discussed; on the basis of the information that such counsel gained in the course of the performance of their services referred to above, although such counsel shall not be deemed to be passing upon and shall not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Time of Sale Information and the Offering Memorandum and shall not be required to have made an independent check or verification thereof (except to the limited extent set forth in paragraphs (ii) and (vii) hereof), on the basis of the foregoing, no facts have come to the attention of such counsel in the course of such review which have caused such counsel to believe that, (A) as of the Time of Sale, the Time of Sale Information (other than the financial statements, including the notes thereto, related schedules and other financial or accounting information contained therein, as to which such counsel need express no views) contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or that (B) as of its date and the Closing Date, the Offering Memorandum (other than the financial statements, including the notes thereto, related schedules and other financial or accounting information contained therein, as to which such counsel need express no views) contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely as to matters of fact on certificates of responsible officers of the Company and public officials that are furnished to the Initial Purchasers.

The opinion of Dewey & LeBoeuf LLP described above shall be rendered to the Initial Purchasers at the request of the Company and shall so state therein.

Form of Opinion of Special Counsel for the Company

- (i) The Mortgage, excluding the supplemental indenture providing for the creation of the Securities and the supplemental indenture dated as of December 24, 2008, has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws or judicial decisions of general applicability relating to or affecting creditors' rights and to general equity principles, regardless of whether enforcement is considered in a proceeding at law or in equity (collectively, the "Enforceability Exceptions"). The Mortgage creates a valid first mortgage lien upon (i) the real property intended to be subjected to the lien of the Mortgage, and (ii) to the extent owned by the Company, the personal property intended to be subjected to the lien of the Mortgage; in both instances, subject to the Enforceability Exceptions;
- (ii) The Mortgage has been duly recorded or filed for recordation as a mortgage of real estate and recorded or filed as a security interest in personal property and fixtures in each place in which any of the properties or assets of the Company subject to the lien of the Mortgage are situated and in which such recording or filing is required to protect and preserve the lien of the Mortgage (except the supplemental indenture providing for the creation of the Securities has been recorded in the Office of the Clerk of the County of Monroe, New York, only, and arrangements have been made for its prompt recording in the Offices of the Clerks of the other counties in the State of New York in which such recording is required); and all taxes and recording fees required to be paid as of the date hereof with respect to the execution, recording or filing of the Mortgage have been paid; and
- (iii) The Company has good and indefeasible title in fee simple to substantially all of its bondable real property (except that we give no opinion with respect to leasehold interests, easements, riparian rights, flowage rights, and property of a similar character) owned by the Company and intended to be subject to the lien of the Mortgage (except such as have been disposed of in accordance with the provisions of the Mortgage), free and clear of all liens, charges and encumbrances, except the lien of the Mortgage and liens or charges of the character of "excepted encumbrances" as defined in Section 1.02 of the Mortgage and except for any liens which are subject and subordinate in all respects to the lien of the Mortgage; and the descriptions of all such properties contained in the Mortgage are adequate for the purposes of the Mortgage.

In rendering such opinion, such counsel may rely as to matters of fact on certificates of responsible officers of the Company and public officials that are furnished to the Initial Purchasers.

The opinion of Nixon Peabody LLP described above shall be rendered to the Initial Purchasers at the request of the Company and shall so state therein.