Christopher M. Capone, CFA
Executive Vice President
& Chief Financial Officer

Central Hudson
Gas & Electric Corporation

April 22, 2014

Hon. Kathleen H. Burgess
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Dear Ms. Burgess:

Ordering Clause 3 of the Order Authorizing Issuance of Securities issued and effective September 14, 2012, in Case 12-M-0172, as modified in Case 12-M-192 by the Joint Proposal of January 25, 2013 and the Order Authorizing Acquisition Subject to Conditions of June 26, 2013, requires that for any debt issuances under this Order, Central Hudson Gas & Electric Corp. (the Company) shall file, with the Secretary to the Commission, the following: a complete term sheet on the transaction, a copy of executed documents, a letter by the Chief Financial Officer certifying that the terms were the best that could be obtained, and a schedule of the proposed deferral and amortization of costs associated with the new issues.

In compliance with Ordering Clause 3, the Company submits the following:

1) The Company, on March 26, 2014, issued $30.0 million of Senior Unsecured Notes (Series E Notes) in a private placement with a 10-year maturity at a floating interest rate of 1.24% at issue, which was 1.00% above the index rate of 3-month LIBOR (0.24% on March 24, 2014 and reset quarterly). A rate cap at 4% was undertaken to hedge this issue.

   The proceeds of the sale of the Notes will be used by the Company for refunding maturing debt, working capital, and general corporate purposes.

   Exhibit I compares the transaction to the terms of issuance for debt of other utility financings of comparable maturity.

2) The Pricing Confirmation, dated March 18, 2014, describes the pricing and terms of the transaction.

284 South Avenue Poughkeepsie NY 12601
Phone: (845) 486 • 5439 Fax: (845) 486 • 5782
email: ccapone@cenhud.com

www.CentralHudson.com

3) An affidavit of Christopher M. Capone, Executive Vice President and Chief Financial Officer of Central Hudson Gas & Electric Corporation, stating that the issuance was made at the most advantageous terms available.

4) Copies of the following executed documents: Secretary's Certificate (without Exhibit A's copy of the By-laws), Closing Certificate, Cross Receipt, Note Purchase Agreement, subsequent amendment adjusting the interest payment dates, and Opinion of Thompson Hine, LLP.

5) The estimated total issuance costs associated with this issue that will be deferred and amortized over 10 years is $205,000.

Yours very truly,

Christopher M Capone

CMC:dmg
Enclosures

EXHIBIT I

Recent Debt Issuances by Utilities with Comparable Credit Ratings

Company	Security	Market	Maturity	Date of Pricing	Rating	Amount ($M)	Coupon	Term	Spread over Comparable Treasuries (bp)
Central Hudson Gas & Electric	**Senior Unsecured Floating Rate Notes**	**Private**	**03/30/24**	**03/22/14**	**A2/A, NAIC-1**	**30**	**3 Mo LIBOR + 100 bps**	**10**	**100**
Duke Energy	Senior Unsecured Notes	Public	06/18/24	04/01/14	A3/BBB	600	3.750%	10	100
Entergy Mississippi	First Mortgage	Public	07/18/24	03/18/14	A3/A-	100	3.750%	10	108
Entergy Arkansas	First Mortgage	Public	06/10/24	03/10/14	A3/A-	375	3.700%	10	93
Potomac Electric	First Mortgage	Public	09/15/18	09/09/13	A2/A	400	3.600%	10	85

Factors affecting the spread over comparable term Treasuries:

- Liqidity/Size - public issuances over $250 million are index-eligible and have higher liquidity, thereby tightening the spread.
- Rating - a relatively higher or lower rating will tighten or widen the spread over Treasuries.
- Security - a priority claim on assets will tighten the spread over Treasuries.

Bank of America Merrill Lynch

March 18, 2014

VIA EMAIL

To the Persons on the Attached Distribution List

Re: Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company")
$30,000,000 Senior Unsecured Notes due 2024 (the "Notes")

Dear Investor:

We are pleased to advise that the institution listed below has circled the following amounts of the above-referenced Notes on Tuesday, March 18, 2014.

Offering Summary	
	10-year Bullet
Benchmark	3-month LIBOR
Credit Spread (bps)	100
Funding Date	March 26, 2014
Interest Payment Dates	Mar 26, Jun 26, Sep 26, and Dec 26
Final Maturity	March 26, 2024
Call Provision	102, 101, Par
Allocation Summary ($mm)	
New York Life	$ 30.0
Total	**$ 30.0**

The Notes have been circled pursuant to the terms of the Company's Note Purchase Agreement most recently distributed by Chapman and Cutler subject to modifications necessary to accommodate floating rate interest payments. The transaction is scheduled to close and fund on March 26, 2014.

Central Hudson and BofAML appreciate your participation in the transaction and look forward to working with you towards the completion of a satisfactory due diligence and closing. Please call us with any questions.

Regards,

Bank of America Merrill Lynch

State of New York)
):ss:
County of Dutchess)

AFFIDAVIT OF CHRISTOPHER M. CAPONE
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
CENTRAL HUDSON GAS & ELECTRIC CORPORATION

I, Christopher M. Capone, Executive Vice President and Chief Financial Officer of Central Hudson Gas & Electric Corporation, hereby state that the issuance on March 26, 2014 of Senior Unsecured Notes, $30.0 million principal amount maturing on March 30, 2024, bearing a floating interest rate of 1.00% above the index rate of 3-month LIBOR, reset quarterly, was made on the most advantageous terms available at the time of the pricing of the issues.

Christopher Capone

Christopher M. Capone

Sworn to before me this 22nd
day of April, 2014.

Donna M. Giametta

Notary Public

DONNA M. GIAMETTA
Notary Public, State of New York
No. 01GI5067398
Qualified in Ulster County
Commission Expires Oct. 15, 2014

Central Hudson Gas & Electric Corporation
Series E Amortizing Issuance Costs

	March 26, 2013
Agent Fees	150,000
Chapman & Cutler	25,000
Thompson Hine	15,000
S&P	-
Moody's	-
Fitch	15,000
	205,000

CERTIFICATE OF THE SECRETARY
OF
CENTRAL HUDSON GAS & ELECTRIC CORPORATION

March 26, 2014

This certificate is delivered to you in compliance with the requirements of that certain Note Purchase Agreement dated as of March 26, 2014 (the *"Note Purchase Agreement"*) entered into by the undersigned, Central Hudson Gas & Electric Corporation, a New York corporation (the *"Company"*), with each of you, as a condition to and concurrently with your purchase on the date hereof of $30,000,000 aggregate principal amount of the Company's Floating Rate Senior Notes, Series E, due March 26, 2024 (the *"Notes"*), pursuant to the Note Purchase Agreement. Terms which are capitalized herein and not otherwise defined shall have the same meanings as in the Note Purchase Agreement.

The undersigned, Joseph B. Koczko, does hereby certify that:

1. The undersigned is the duly elected, qualified and acting Secretary of Central Hudson Gas & Electric Corporation (the *"Company"*), a corporation duly organized and existing and in good standing under the laws of the State of New York, and as such Secretary the undersigned has custody of the records of the Company and its official seal.

2. Since March 21, 2014, there have been no amendments to the Restated Certificate of Incorporation of the Company and the Restated Certificate of Incorporation and all amendments thereto as certified by the Department of State of the State of New York on such date were in full force and effect on the date of the resolutions of the Board of Directors referred to in paragraph 4 hereof and remain in full force and effect on the date hereof.

3. Attached hereto as **Exhibit A** is a full, true and correct copy of the By-laws of the Company, which were duly adopted by the Company and which were on the date of the resolutions of the Board of Directors referred to in paragraph 4 hereof and which are on the date hereof in full force and effect.

4. Attached hereto as **Exhibit B** is a true, correct and complete copy of certain resolutions adopted by the Board of Directors of the Company on September 25, 2013 and March 24, 2014. Said resolutions do not in any manner contravene the Restated Certificate of Incorporation or the By-laws of the Company; and said resolutions have not been rescinded or modified in any manner and were on the Execution Date and are on the date hereof, still in full force and effect.

5. The persons whose names, titles, and signatures appear on the Incumbency and Signature Schedule of the Company attached hereto as **Exhibit C** are duly elected, qualified and acting officers of the Company and hold on the date hereof the offices set opposite their respective names in **Exhibit C**, and the signatures therein appearing opposite their respective names are the genuine signatures of such officers.

6. The Note Purchase Agreement among the Company and the Purchasers, having been executed by the Company, was in the form which the officers of the Company were authorized to execute and deliver for and on behalf of the Company.

7. The Floating Rate Senior Notes, Series E, due March 26, 2024, which are being issued on this date in the aggregate principal amount of $30,000,000, are in the form which the officers of the Company were authorized to issue, execute and deliver for and on behalf of the Company.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date first written above.

Joseph B. Koczko

Secretary, as aforesaid

I, Stacey A. Renner, do hereby certify that I am a duly elected, qualified and acting Treasurer of Central Hudson Gas & Electric Corporation, a New York corporation, and that the signature subscribed to the foregoing certificate purporting to be the signature of Joseph B. Koczko is the genuine signature of said person and that said Joseph B. Koczko is the duly elected, qualified and acting Secretary of said Central Hudson Gas & Electric Corporation.

Stacey A. Renner

Treasurer, as aforesaid

BYLAWS

(*see attached*)

RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS
OF
CENTRAL HUDSON GAS & ELECTRIC CORPORATION

ON SEPTEMBER 25, 2013

WHEREAS, on September 14, 2012, in response to the petition filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Corporation") in Case 12-M-0172, the New York State Public Service Commission ("PSC") issued an Order (the "2012 Financing Order"), which authorizes this Corporation to, among other things, issue and sell up to $250 million in aggregate principal amount of long-term debt through December 31, 2015; and

WHEREAS, revised terms applicable to the issuance by the Corporation of long-term debt were proposed in the Joint Proposal for Commission Approval of the Acquisition of CH Energy Group, Inc. by Fortis Inc. and Related Transaction (the "Joint Proposal"), which was filed with the PSC on or about January 28, 2013, by, among other parties, Central Hudson, in Case No. 12-M-0192; and

WHEREAS, the Order Authorizing Acquisition Subject to Conditions (the "2013 Acquisition Order"), which was issued by the PSC on June 26, 2013, adopted the provisions of the Joint Proposal that authorize Central Hudson to use private financing as an alternative to public debt offerings; and

WHEREAS, the Corporation has determined that it may be necessary and appropriate to issue and sell up to $50 million in long-term debt, through one or more private placement transactions, from time to time from January 1, 2014 through December 31, 2014, to raise funds for various purposes authorized by the 2012 Financing Order, including but not limited to (a) the refunding or redemption of $7,000,000 aggregate principal amount of the Corporation's unsecured Medium-Term Notes, Series D, which mature on February 27, 2014, (b) the refunding or redemption of $7,000,000 aggregate principal amount of the Corporation's unsecured Medium-Term Notes, Series E, which mature on November 5, 2014, and (c) any other purpose set forth in Clause 2 of the 2012 Financing Order; and

WHEREAS, the Board of Directors of Central Hudson, having carefully reviewed and considered the 2014 Business Plan and other potential sources of capital to fund Central Hudson's projected capital requirements, has determined that one or more private placements of senior unsecured notes is a reasonable and appropriate source of funding; it is

RESOLVED, that the Board of Directors of Central Hudson hereby authorizes and approves the sale by the Corporation, for one or more of the above specified purposes, of senior unsecured notes, by means of one or more private placement transactions (the "Private Placement Notes"), to be issued from time to time in one or more series or tranches from January 1, 2014 through December 31, 2014, limited in an aggregate principal amount up to $50,000,000, with maturities no greater than 31 years and coupons no greater than 6%, with the timing, terms, conditions, and maturities of each such issuance being determined by the Chief Financial Officer of Central Hudson and the Treasurer of Central Hudson, provided that such timing, terms, conditions, and maturities are in compliance with the timing, terms, conditions, and maturities set forth in the 2012 Financing Order, as amended and/or supplemented by the 2013 Acquisition Order; and it is

FURTHER RESOLVED, that the Chief Executive Officer and the other officers of Central Hudson be and each of them hereby is authorized and empowered to execute and deliver for and on behalf of Central Hudson a private placement agent engagement letter or similar agreement in connection with the sale of the Private Placement Notes, in such form, upon such terms and with such counterparty or counterparties as any such officer of Central Hudson deems necessary or desirable, approval of the selection of the agent and such other terms being evidenced by the execution of any such private placement agent engagement letter or similar document; and it is

FURTHER RESOLVED, that the Chief Executive Officer and the other officers of Central Hudson be and each of them hereby is authorized to do and cause to be done all things which may be necessary for Central Hudson to comply with any state securities laws under which the Private Placement Notes might require qualification, that any resolutions required by the authorities of such states for the purpose of complying with such securities laws are hereby adopted, and that the Secretary of Central Hudson be and the Secretary hereby is authorized to inscribe upon the minutes of the proceedings of this Board of Directors any resolutions required by such authorities for the purpose of complying with such securities laws as if such resolutions had been adopted in full as of the date of this resolution; and it is

FURTHER RESOLVED, that the Chief Executive Officer and the other officers of Central Hudson be and each of them hereby is authorized to do and cause to be done all things that may be necessary in furtherance of the sale, by private placement, of the Private Placement Notes; that each of the officers is hereby authorized and directed to execute any and all documents and to take any and all other steps in furtherance of the foregoing, his or her signature on any such document to be evidence of such authority; and that any resolutions required to be adopted in furtherance of the foregoing are hereby adopted.

RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS
OF
CENTRAL HUDSON GAS & ELECTRIC CORPORATION

ON MARCH 24, 2014

WHEREAS, on September 25, 2013, the Board of Directors of Central Hudson Gas & Electric Corporation ("Central Hudson") authorized and approved, among other things, the sale by Central Hudson of senior unsecured notes, by means of one or more private placement transactions (the "Private Placement Notes"), to be issued from time to time in one or more series or tranches from January 1, 2014 through December 31, 2014, limited in an aggregate principal amount up to $50,000,000, with maturities no greater than 31 years and coupons no greater than 6%; and

WHEREAS, the Board of Directors of Central Hudson, having carefully reviewed and considered current debt market conditions, has determined that the sale of Private Placement Notes at variable rates is reasonable and appropriate; it is

RESOLVED, the resolutions approved and adopted by the Board of Directors of Central Hudson on September 25, 2013, are hereby ratified and are amended to allow for the issuance of any and all Private Placement Notes at variable rates, upon terms and conditions that the Chief Executive Officer, the Chief Financial Officer or the Treasurer of Central Hudson deem reasonable and appropriate, with the approval of any such terms and conditions being evidenced by the execution of any Private Placement Notes by any such officer of Central Hudson; and it is

FURTHER RESOLVED, that the Chief Executive Officer and the other officers of Central Hudson be and each of them hereby is authorized to do and cause to be done all things that may be necessary in furtherance of the sale, by private placement, of the Private Placement Notes; that each of the officers is hereby authorized and directed to execute any and all documents, include rate cap instruments on any variable rate Private Placement Notes, and to take any and all other steps in furtherance of the foregoing, his or her signature on any such document to be evidence of such authority; and that any resolutions required to be adopted in furtherance of the foregoing are hereby adopted.

INCUMBENCY AND SIGNATURE SCHEDULE
OF
CENTRAL HUDSON GAS & ELECTRIC CORPORATION

OFFICE	NAME OF OFFICER	SIGNATURE OF OFFICER
Treasurer	Stacey A. Renner	Stacey A. Renner
Secretary	Joseph B. Koczko	Joseph B. Koczko

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CLOSING CERTIFICATE

March 26, 2014

To the Purchasers Listed on
Schedule A to the hereinafter
defined Note Purchase Agreement

This certificate is delivered to you in compliance with the requirements of that certain Note Purchase Agreement dated as of March 26, 2014 (the *"Note Purchase Agreement"*) entered into by the undersigned, Central Hudson Gas & Electric Corporation, a New York corporation (the *"Company"*), with each of you, as a condition to and concurrently with your purchase on the date hereof of $30,000,000 aggregate principal amount of the Company's Floating Rate Senior Notes, Series E, due March 26, 2024 (the *"Notes"*), pursuant to the Note Purchase Agreement. Terms which are capitalized herein and not otherwise defined shall have the same meanings as in the Note Purchase Agreement.

The undersigned represents and warrants to each of you as follows:

1. the undersigned is the duly elected, qualified and acting Treasurer of the Company and is familiar with the operations, records and affairs of the Company;

2. the representations and warranties of the Company set forth in the Note Purchase Agreement are true and correct on and with respect to the date hereof;

3. the Company has performed and complied with all agreements and conditions contained in the Note Purchase Agreement which are required to be performed or complied with by the Company on or prior to the date hereof;

4. after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14 to the Note Purchase Agreement), no Default or Event of Default has occurred and is continuing; and

5. the Company has not changed its jurisdiction of incorporation or been party to any merger or consolidation and has not succeeded to all or any substantial part of the liabilities of any other entity since December 31, 2013.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the undersigned has executed this Closing Certificate as of the date first written above.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION, a New York corporation

By [signature]
Name: Stacey A. Renner
Title: Treasurer

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CROSS RECEIPT

March 26, 2014

To the Purchasers Listed on
Schedule A to the hereinafter
defined Note Purchase Agreement

Pursuant to that certain Note Purchase Agreement dated as of March 26, 2014 (the *"Note Purchase Agreement"*) between the undersigned, Central Hudson Gas & Electric Corporation, a New York corporation (the *"Company"*), and each of you, respectively, relating to the issuance and sale of $30,000,000 aggregate principal amount of the Company's Floating Rate Senior Notes, Series E, due March 26, 2024 (the *"Notes"*), the Company delivers to you herewith the Notes dated the date hereof, registered in the names, bearing the identifying numbers and in the principal amounts set forth in ***Exhibit A*** attached hereto.

The Company acknowledges receipt from each of you of the amount set opposite your name or the name of your nominee in payment of the purchase price of the Notes. Kindly acknowledge receipt of the Notes delivered to you in the space provided below.

[*Remainder of page intentionally left blank.*]

Kindly acknowledge receipt of the Notes delivered to you in the space provided below.

Dated the date first written above.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION, a New York corporation

By ____________________

Name: Stacey A. Renner
Title: Treasurer

The undersigned acknowledges receipt of the Notes described opposite its name in Exhibit A attached herewith.

NEW YORK LIFE INSURANCE COMPANY

By: CHAPMAN AND CUTLER LLP, attorney-in-fact

By __________________________________

Dated the date first written above.

EXHIBIT A

SENIOR NOTES, SERIES E

PURCHASER	NAME OF REGISTERED PAYEE	IDENTIFYING NUMBER	PRINCIPAL AMOUNT
New York Life Insurance and Annuity Corporation	New York Life Insurance and Annuity Corporation	ER-1	$16,500,000
New York Life Insurance Company	New York Life Insurance Company	ER-2	$13,500,000

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

$30,000,000 Floating Rate Senior Notes, Series E, due March 26, 2024

NOTE PURCHASE AGREEMENT

Dated as of March 26, 2014

TABLE OF CONTENTS

(Not a part of the Agreement)

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
284 South Avenue
Poughkeepsie, New York 12601-4879

$30,000,000 Floating Rate Senior Notes, Series E, due March 26, 2024

Dated as of March 26, 2014

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE A HERETO:

Ladies and Gentlemen:

CENTRAL HUDSON GAS & ELECTRIC CORPORATION, a New York corporation (the *"Company"*), agrees with each of the purchasers whose names appear at the end hereof (each, a *"Purchaser"* and, collectively, the *"Purchasers"*) as follows:

SECTION 1. AUTHORIZATION OF NOTES.

Section 1.1. Notes. The Company will authorize the issue and sale of $30,000,000 aggregate principal amount of its Floating Rate Senior Notes, Series E, due March 26, 2024 (the *"Notes"*) such term to include any such notes issued in substitution therefor pursuant to **Section 13**). The Notes shall be substantially in the form set out in **Exhibit 1**. Certain capitalized and other terms used in this Agreement are defined in **Schedule B**; and references to a "**Schedule**" or an **"Exhibit"** are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 1.2. Interest Rate. (a) The Notes shall bear interest from the date of issue at a floating rate equal to the Adjusted LIBOR Rate from time to time, payable quarterly on the 26th day of March, June, September and December in each year, commencing on June 26, 2014 and at maturity (each such date being referred to as *"Interest Payment Date"*) and to bear interest during the existence of any Event of Default and to the extent permitted by law payable quarterly (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. To the extent permitted by law, overdue payments of interest, Prepayment Premium and LIBOR Breakage Amount shall bear interest at the Default Rate.

(b) Interest on the Notes shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days.

(c) The Adjusted LIBOR Rate shall be determined by the Company, and notice thereof shall be given to the holders of the Notes, together with such information as the holders of the Notes may reasonably request for verification (including in all events, a facsimile transmission of the relevant screen and calculations), on the second Business Day preceding the first day of each Interest Period. In the event that any holder does not concur with such determination by the Company, as evidenced by notice to the Company by such holder within ten (10) Business Days after receipt by the holders of the notice delivered by the Company pursuant to the previous sentence, the determination of Adjusted LIBOR Rate shall be made by the Required Holders and shall be conclusive and binding absent manifest error.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in **Section 3**, Notes in the principal amount specified opposite such Purchaser's name in **Schedule A** at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, IL 60603, at 10:00 a.m. local time on March 26, 2014 or on such other Business Day thereafter on or prior to March 27, 2014 as may be agreed upon by the Company and the Purchasers (the *"Closing"*). At the Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 080-00017-0 at HSBC Bank USA, Buffalo, NY, ABA# 021-0010-88. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this **Section 3**, or any of the conditions specified in **Section 4** shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing. Before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by **Section 5.14**), no Default or Event of Default shall have occurred and be continuing. The Company shall not have entered into any transaction since the date of the Memorandum that would have been prohibited by **Section 10** had such Section applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in **Sections 4.1, 4.2** and **4.9** have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Thompson Hine LLP, counsel for the Company, covering the matters set forth in **Exhibit 4.4(a)** and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in **Exhibit 4.4(b)** and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted by Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing, the Company shall sell to each other Purchaser, and each other Purchaser shall purchase, the Notes to be purchased by it at the Closing as specified in **Schedule A**.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of **Section 15.1**, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in **Section 4.4** to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Notes.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in **Schedule 5.5**.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in **Section 3** including (a) the name and address of the transferee bank, (b) such transferee bank's ABA number and (c) the account name and number into which the purchase price for such Notes is to be deposited.

Section 4.11. Regulatory Approval. Prior to the Closing, such Purchaser and such Purchaser's special counsel shall have received evidence, in form and substance satisfactory to such Purchaser and such Purchaser's special counsel, demonstrating that all approvals and authorizations of the Public Service Commission of the State of New York, which are required to be obtained in connection with the issuance of the Notes and the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement and the Notes have been duly obtained, validly issued and are in full force and effect and final, and all periods for appeal and rehearing by third parties have expired and all conditions contained in such approvals and authorizations which are to be fulfilled on or prior to the issuance of the Notes have been fulfilled.

Section 4.12. Adjusted LIBOR Rate Notice. Two (2) Business Days prior to the date of the Closing, such Purchaser shall have received notice of the Adjusted LIBOR Rate for the Notes, together with such information as the Purchasers may reasonably request for verification (including in all events, a copy of the relevant screen and calculations).

Section 4.13. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agent, Bank of America Merrill Lynch, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated March, 2014 (the *"Memorandum"*), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business of the Company. This Agreement, the Memorandum, and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in **Schedule 5.3**, and the financial statements listed in **Schedule 5.5** (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to March 18, 2014 being referred to, collectively, as the *"Disclosure Documents"*), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since December 31, 2013, there has been no change in the financial condition, operations, business, properties or prospects of the Company except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

Section 5.4. Subsidiaries; Affiliates. The Company is a wholly-owned indirect subsidiary of Fortis Inc. **Schedule 5.4** contains (except as noted therein) complete and correct lists of (a) the Company's directors and senior officers and (b) Affiliates of the Company (other than direct or indirect Subsidiaries of Fortis Inc. which are not also Subsidiaries of CH Energy Group, Inc.). The Company has no Subsidiaries.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company listed on **Schedule 5.5**. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the financial position of the Company as of the respective dates specified in such financial statements and the results of its operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company does not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company is bound or by which the Company or any of its properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes, except for authorization by the Public Service Commission of the State of New York, which authorization has been obtained and is in full force and effect and final and all periods for appeal and rehearing by third parties have expired and all conditions contained in such authorization which are to be fulfilled on or prior to the date of issuance of Notes have been fulfilled.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) Except for the matters disclosed in footnote 12 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents and for which the Company has insufficient information with which to assess the effect thereof, there are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any property of the Company in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) The Company is (i) not in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in **Section 5.16**), which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company has filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of federal, state or other taxes for all fiscal periods are in accordance with GAAP. The federal income tax liabilities of the Company have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2006.

Section 5.10. Title to Property; Leases. The Company has good and sufficient title to its properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in **Section 5.5** or purported to have been acquired by the Company after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the knowledge of the Company, there is no Material violation by any Person of any right of the Company with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I (other than the obligation to make contributions in the ordinary course in accordance with the terms of the Plans and applicable law) or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the

Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or sections 412 or 430(j) of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined in accordance with GAAP for purposes of the Company's balance sheet as of December 31, 2013 included in the Disclosure Documents on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities as of December 31, 2013 in the aggregate for all Plans. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company is disclosed in footnote 10 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents in accordance with GAAP.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this **Section 5.12(e)** is made in reliance upon and subject to the accuracy of such Purchaser's representation in **Section 6.2** as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered, the Notes or any similar Securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 5 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes to refinance debt and for general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Debt; Future Liens. (a) **Schedule 5.15** sets forth a complete and correct list of all outstanding Debt of the Company as of December 31, 2013 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company. The Company is not in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company and, except with respect to the Pollution Control Bonds as described on **Schedule 5.15**, no event or condition exists with respect to any Debt of the Company that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in **Schedule 5.15**, the Company has not agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by **Section 10.1**.

(c) The Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Debt of the Company, any agreement relating thereto, any other agreement, its charter or any other organizational document which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company, except as specifically indicated in **Schedule 5.15**.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (*"OFAC"*) (an *"OFAC Listed Person"*) (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act (*"CISADA"*) or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, *"U.S. Economic Sanctions"*) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii) or clause (iii), a *"Blocked Person"*). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. Economic Sanctions.

(c) Neither the Company nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, *"Anti-Money Laundering Laws"*) or any U.S. Economic Sanctions violations, (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions.

(d) (1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, *"Anti-Corruption Laws"*), (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To the Company's actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Government Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official's lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any applicable law

or regulation or which would cause any holder to be in violation of any law or regulation applicable to such holder; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. The Company is not subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Notes Rank Pari Passu. The obligations of the Company under this Agreement and the Notes rank at least *pari passu* in right of payment with all other unsecured Debt (actual or contingent) of the Company, including, without limitation, all senior unsecured Debt of the Company described in **Schedule 5.15** hereto.

Section 5.19. Environmental Matters. (a) Except for the matters disclosed in footnote 12 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents and for which the Company has insufficient information with which to assess the effect thereof, the Company has no knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Except for the matters disclosed in footnote 12 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents and for which the Company has insufficient information with which to assess the effect thereof, the Company has no knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) Except for the matters disclosed in footnote 12 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents and for which the Company has insufficient information with which to assess the effect thereof, the Company has not stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them nor has disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect.

(d) Except for the matters disclosed in footnote 12 of the Company's Annual Financial Report dated December 31, 2013 included in the Disclosure Documents and for which the Company has insufficient information with which to assess the effect thereof, all buildings on all real properties now owned, leased or operated by the Company are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed ten percent (10%) of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as have been disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the *"QPAM Exemption"*)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this **Section 6.2**, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO THE COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments.

(b) *Annual Statements* — within 90 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto, if any, filed by the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in **Section 11(f)**, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within ten days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of a Note pursuant to **Section 7.1(a)** or **Section 7.1(b)** shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — the information (including detailed calculations, if any) required in order to establish whether the Company was in compliance with the requirements of this Agreement during the quarterly or annual period covered by the statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to **Section 22.3**) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. *Visitation.* The Company shall permit the representatives of each holder of a Note that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. *Electronic Delivery.* Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to **Sections 7.1(a)**, **(b)** or **(c)** and **Section 7.2** shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(i) such financial statements satisfying the requirements of **Section 7.1(a)** or **(b)** and related Officer's Certificate satisfying the requirements of **Section 7.2** are delivered to each holder of a Note by e-mail;

(ii) such financial statements satisfying the requirements of **Section 7.1(a)** or **Section 7.1(b)** and related Officer's Certificate(s) satisfying the requirements of **Section 7.2** are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; or

(iii) the Company shall have filed any of the items referred to in **Section 7.1(c)** with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each holder of Notes has free access;

provided however, that in the case of any of clauses (ii) or (iii), the Company shall have given each holder of a Note prior written notice, which may be by e-mail or in accordance with **Section 18**, of such posting or filing in connection with each delivery, *provided further,* that upon request of any holder to receive paper copies of such forms, financial statements and

Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

SECTION 8. PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the stated maturity date thereof.

Section 8.2. Optional Prepayments with Prepayment Premium. The Company may, at its option, upon notice as provided below, prepay on any Interest Payment Date all, or from time to time any part of, the Notes, in an amount not less than 5% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, and the Prepayment Premium, if any, determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this **Section 8.2** not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with **Section 8.4**), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and the Prepayment Premium due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation.

Section 8.3. [Reserved].

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to **Section 8.2**, the principal amount of the Notes to be prepaid shall be allocated pro rata among all holders of Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this **Section 8**, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Prepayment Premium, if any, and LIBOR Breakage Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Prepayment Premium, if any, and LIBOR Breakage Amount, if any as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this

Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. [Reserved].

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in **Section 5.16**, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; *provided* that this **Section 9.3** shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary; *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if

(a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Legal Existence, Etc. Subject to **Section 10.2**, the Company will at all times preserve and keep in full force and effect its legal existence. The Company will at all times preserve and keep in full force and effect the legal existence of each of its Subsidiaries (unless merged into the Company or a Wholly-owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such legal existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Notes to Rank Pari Passu. The Notes and all other obligations under this Agreement of the Company are and at all times shall rank at least *pari passu* in right of payment with all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

Section 9.7. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company, or such Subsidiary, as the case may be.

Section 9.8. Public Service Commission Filing. The Company will, within 30 days of the date of the Closing, submit, with a copy to the holders of the Notes or their counsel, a "compliance filing" to the Public Service Commission of the State of New York as required by the order of Public Service Commission which authorized the issuance of the Notes.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Limitation on Debt. (a) The Company will not at any time permit the ratio of Consolidated Total Debt to Consolidated Total Capitalization to exceed 0.65 to 1.00.

(b) The Company will not at any time permit Priority Debt to exceed 10% of Consolidated Total Assets.

Section 10.2. Negative Pledge. The Company shall not create, assume, incur or suffer to be created, assumed or incurred or to exist any mortgage, lien, pledge, charge or encumbrance of any kind (other than Excepted Encumbrances) upon any property of any character of the Company (other than Excepted Property), whether owned at the date hereof or hereafter acquired, to secure indebtedness without making effective provision whereby the Notes of all series shall be directly secured equally and ratably with the indebtedness secured by such mortgage, lien, pledge, charge or encumbrance; *provided, however,* that this restriction shall not be applicable to nor prevent:

(a) the pledging by the Company of any assets as security for the payment of any tax, assessment or other similar charge demanded of the company by any governmental authority or public body so long as the Company in good faith contests its liability to pay the same, or as security to be deposited with any governmental authority or public body for any purpose at any time required by law or governmental regulation as a condition to the transaction of any business or the exercise of any franchise, grant, privilege, license, or right;

(b) the pledging by the Company of any assets for the purposes of securing a stay or discharge or for any other purpose in the course of any legal proceeding in which the Company is a party;

(c) any mortgage, lien, pledge, charge or encumbrance on any asset in favor of the United States of America, any state, or any department, agency, instrumentality, or political subdivision of any such jurisdiction, securing Industrial Revenue bonds, the interest on which is exempt from federal income tax under Section 103 of the Internal Revenue Code if such bonds shall be issued for the purpose of financing the construction or improvement of such asset;

(d) mortgages, liens, pledges, charges or encumbrances arising in the ordinary course of its business which (i) do not secure indebtedness, (ii) do not secure any obligation in an amount exceeding $25,000,000 and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(e) making good faith deposits in connection with tenders, contracts or leases to which the Company is a party; or

(f) the pledging by the Company of any assets in connection with the incurrence of indebtedness (under circumstances not otherwise excepted from the operation of this Section) in aggregate principal amount not exceeding 5% of the Company's Net Tangible Utility Assets at any time outstanding.

Any instrument creating a lien in favor of the holders of the Notes pursuant to the requirements of this Section shall contain reasonable and customary provisions for the enforcement of such lien and for the release of, or substitution for, the property subjected to such lien. Such lien shall be evidenced by an appropriate instrument or instruments, in form and substance reasonably satisfactory to the holders of the Notes, executed and delivered to the holders of the Notes (or to the extent legally necessary, to a trustee).

Section 10.3. Company May Consolidate, Etc., Only on Certain Terms. The Company shall not consolidate with or merge into any other corporation or corporations or convey, transfer or lease its properties and assets substantially as an entirety to any Person or Persons, unless

(a) the corporation or corporations formed by such consolidation or into which the Company is merged or the Person or Persons which acquire by conveyance or transfer, or which lease, the properties and assets of the Company substantially as an entirety shall be a Person or Persons organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the due and punctual payment of the principal of and premium, if any, and interest, if, any, on all outstanding Notes and the performance of every covenant of this Indenture on the part of the Company to be performed or observed are expressly assumed in writing by such Person and such Person shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Person enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(b) immediately after giving effect to such transaction and treating any indebtedness for borrowed money which becomes an obligation of the Company as a result of such transaction as having been incurred by the Company at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

Upon any consolidation by the Company with or merger by the Company into any other corporation or corporations or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with **Section 10.2**, the successor corporation or corporations formed by such consolidation or into which the Company is merged or the Person or Persons to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor Person or Persons had been named as the company herein, and thereafter, except in the case of a lease, the predecessor Person or Persons shall be relieved of all obligations and covenants under this Agreement and the Notes outstanding hereunder.

Section 10.4. Terrorism Sanctions Regulations. The Company will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder to be in violation of any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

SECTION 11. EVENTS OF DEFAULT.

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Prepayment Premium, if any, or LIBOR Breakage Amount, if any, on any Note for more than three Business Days after the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than 60 days after the same becomes due and payable; or

(c) (i) the Company defaults in the performance of or compliance with any term contained in **Section 7.1(d)** or **Section 10.1** or (ii) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in **Sections 11(a)** and **(b)**) and such default is not remedied within 60 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this **Section 11(c)**); or

(d) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made and the fact, circumstance or condition that is the subject of such representation or warranty is not made true and correct within 60 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such representation or warranty being false or incorrect and (ii) the Company receiving written notice of such representation or warranty being false or incorrect from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this **Section 11(d)**); or

(e) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least $20,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least $20,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $20,000,000; *provided, however,* that notwithstanding anything contained in clause (iii) hereof, an obligation of the Company to mandatorily purchase or redeem any of its Debt evidenced by the Pollution Control Bonds in connection with a change in the interest rate mode applicable to such bonds and a subsequent failure to remarket such bonds shall not constitute a Default or Event of Default; *provided, further,* that a failure of the Company to so purchase or redeem any of such Debt pursuant to such obligation shall constitute an Event of Default under clause (i) hereof; or

(f) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(g) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 90 days, or

(h) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (iv) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (v) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder and, in the case of any such event or events described in clauses (i) through (v) above, such event, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in **Section 11(h)**, the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in **Section 11(f)** or **(g)** (other than an Event of Default described in clause (i) of **Section 11(f)** or described in clause (vi) of **Section 11(f)** by virtue of the fact that such clause encompasses clause (i) of **Section 11(f)**) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in **Section 11(a)** or **(b)** has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this **Section 12.1**, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (ii) the Prepayment Premium, if any, and LIBOR Breakage Amount, if any, determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Prepayment Premium and LIBOR Breakage Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under **Section 12.1**, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to **Section 12.1(b)** or **(c)**, the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Prepayment Premium, if any, and LIBOR Breakage Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Prepayment Premium, if any, and LIBOR Breakage Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to **Section 17**, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this **Section 12.3** will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under **Section 15**, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this **Section 12**, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of **Exhibit 1**. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $200,000; *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $200,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in **Section 6.2**.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note and dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to **Section 14.2**, payments of principal, Prepayment Premium, if any, and LIBOR Breakage Amount, if any, and interest becoming due and payable on the Notes shall be made in Poughkeepsie, New York at the principal office of the Company in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in **Section 14.1** or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Prepayment Premium, if any, and LIBOR Breakage Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in **Schedule A**, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to **Section 14.1**. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to **Section 13.2**. The Company will afford the benefits of this **Section 14.2** to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this **Section 14.2**.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes, and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information, with the SVO, *provided* that such costs and expenses under this clause (c) shall not exceed $3,000. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival. The obligations of the Company under this **Section 15** will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of **Section 1, 2, 3, 4, 5, 6** or **21** hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of **Section 12** relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Prepayment Premium or LIBOR Breakage Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver or the principal amount of the Notes that the Purchasers are to purchase pursuant to **Section 2** upon the satisfaction of the conditions to Closing that appear in **Section 4**, or (iii) amend any of **Section 8, 11(a), 11(b), 12, 17** or **20**.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each holder of a Note irrespective of the amount of Notes then owned by it with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 17** to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Note as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Note even if such holder did not consent to such waiver or amendment.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this **Section 17** applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

Except to the extent otherwise provided in **Section 7.4**, all notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in **Schedule A** or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this **Section 18** will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This **Section 19** shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this **Section 20**, *"Confidential Information"* means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified in writing when received by such Purchaser as being confidential information of the Company or such Subsidiary; *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under **Section 7.1** that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser; *provided* that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this **Section 20**, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this **Section 20** as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this **Section 20**.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this **Section 20,** this **Section 20** shall not be amended thereby and, as between such Purchaser or such holder and the Company, this **Section 20** shall supersede any such other confidentiality undertaking.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in **Section 6**. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this **Section 21**) shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this **Section 21**) shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in **Section 8.5** that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Prepayment Premium, LIBOR Breakage Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including, without limitation, **Section 9, Section 10** and the definition of "Debt"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – Fair Value Option, International Accounting Standard 39 – Financial Instruments: Recognition and Measurement or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. **This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of**

New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in **Section 22.8(a)** by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in **Section 18** or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this **Section 22.8** shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

By ______________________________
Stacey A. Renner
Treasurer

This Agreement is hereby accepted and agreed to as of the date thereof.

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: New York Life Investment Management LLC, its Investment Manager

By Colleen C. Cooney

Name: Colleen C. Cooney

Title: Senior Director

NEW YORK LIFE INSURANCE COMPANY

By Colleen C. Cooney

Name: Colleen C. Cooney

Title: Corporate Vice President

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT, CLOSING AND SERIES OF NOTES TO BE PURCHASED	
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION c/o New York Life Investment Management LLC 51 Madison Avenue 2nd Floor, Room 208 New York, New York 10010-1603	SERIES E March 26, 2014	$16,500,000

Payments

All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York 10019
ABA #021-000-021
Credit: New York Life Insurance and Annuity Corporation
General Account No. 323-8-47382

With sufficient information (including issuer, PPN number, interest rate, series, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

Notices

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance and Annuity Corporation
c/o New York Life Investment Management LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603
Attention: Securities Operations
Private Group
2nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

All other communications:

New York Life Insurance and Annuity Corporation
c/o New York Life Investment Management LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603
Attention: Fixed Income Investors Group
Private Finance
2nd Floor
Fax #: (212) 447-4122

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: (212) 576-8340

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 13-3044743

Physical Delivery Instructions

New York Life Insurance Company
51 Madison Avenue, Room 1016
New York, New York 10010
Attention: Dean Morini

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT, CLOSING AND SERIES OF NOTES TO BE PURCHASED	
NEW YORK LIFE INSURANCE COMPANY c/o New York Life Investment Management LLC 51 Madison Avenue 2nd Floor, Room 208 New York, New York 10010-1603	SERIES E March 26, 2014	$13,500,000

Payments

All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York 10019
ABA #021-000-021
Credit: New York Life Insurance Company
General Account No. 008-9-00687

With sufficient information (including issuer, PPN number, interest rate, series, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

Notices

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603
Attention: Securities Operations
Private Group
2nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

All other communications:

New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010
Attention: Fixed Income Investors Group
Private Finance
2nd Floor
Fax #: (212) 447-4122

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: (212) 576-8340

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 13-5582869

Physical Delivery Instructions

New York Life Insurance Company
51 Madison Avenue, Room 1016
New York, New York 10010
Attention: Dean Morini

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Adjusted LIBOR Rate" shall mean, for any Interest Period, LIBOR for that Interest Period *plus* 100 basis points.

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, *"Control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an *"Affiliate"* is a reference to an Affiliate of the Company.

"Agreement" or *"this Agreement"* is defined in **Section 17.3**.

"Anti-Corruption Laws" is defined in **Section 5.16(d)(1)**.

"Anti-Money Laundering Laws" is defined in **Section 5.16(c)**.

"Blocked Person" is defined in **Section 5.16(a)**.

"Business Day" means (a) for the purposes of determining LIBOR or any LIBOR Breakage Amount only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City and London, England are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"CISADA" means the Comprehensive Iran Sanctions, Accountability and Divestment Act.

"Closing" is defined in **Section 3**.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Company" means Central Hudson Gas & Electric Corporation, a New York corporation or any successor that becomes such in the manner prescribed in **Section 10.2**.

"Confidential Information" is defined in **Section 20**.

"Consolidated Net Worth" means the consolidated stockholders' equity of the Company and its Subsidiaries, as defined according to GAAP.

"Consolidated Total Assets" means total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Capitalization" means, at any time, the sum of (a) Consolidated Net Worth and (b) Consolidated Total Debt.

"Consolidated Total Debt" means as of any date of determination, the total of all Debt of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Controlled Entity" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Debt" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and guarantees of accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof (giving effect to any exclusions expressly set forth in any such clause).

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is 2.00% per annum plus the Adjusted LIBOR Rate.

"Disclosure Documents" is defined in **Section 5.3**.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in **Section 11**.

"Excepted Encumbrances" means as of any particular time any of the following:

(i) liens for taxes, assessments or governmental charges not delinquent and liens for workmen's compensation awards and similar obligations not delinquent and liens for taxes, assessments or governmental charges delinquent but the validity of which is being contested at the time by the Company in good faith by appropriate proceedings;

(ii) any liens securing indebtedness neither assumed nor guaranteed by the Company nor on which it customarily pays interest, existing in or relating to real estate acquired by the Company for transmission, distribution or right-of-way purposes, or in connection with its usual operations;

(iii) easements, rights of way, restrictions, exceptions or reservations in or affecting any property of the Company created for the purpose of roads, railroads, railroadside tracks, electric lines, pipe lines, sewers, water and gas transmission and distribution mains, conduits, transmission, distribution or communication lines or for the joint or common use of real property and equipment and other like purposes, water rights of the state of New York or others, building and use restrictions and defects and irregularities of title to, or leases of, any property of the Company which do not materially impair the use of such property as an entirety in the operation of the business of the Company;

(iv) undetermined liens and charges incidental to current construction, including mechanics', laborers', materialmen's and similar liens not delinquent;

(v) any obligations or duties affecting the property of the Company to any municipality or public authority with respect to any franchise, grant, license, permit or certificate;

(vi) rights reserved to or vested in any municipality or public authority to control or regulate any property of the Company or to use such property in a manner which does not materially impair the use of such property for the purposes for which it is held by the Company;

(vii) any irregularities in or deficiencies of title to any rights of way for transmission or distribution lines, poles, wires or other conductors, or transmission or distribution mains or pipes and/or appurtenances to any thereto or other improvements thereon and to any real estate used or to be used primarily for right of way purposes, which do not materially affect the use of such property by the Company in the normal course of its business;

(viii) purchase money mortgages, liens, pledges or security interests (which term for purposes of this subsection (viii) shall include conditional sale agreements or other title retention agreements) upon or in property acquired after the date of this Agreement (*provided* that the same is created concurrently with or within 90 days after the acquisition of such property by the Company), or mortgages, liens, pledges or security interests existing in such property at the time of acquisition thereof, *provided* that no such mortgage, lien, pledge or security interest extends or shall extend to or cover any property of the Company other than the property then being acquired and fixed improvements then or thereafter erected thereon;

(ix) leases made, or existing on property acquired, in the ordinary course of business;

(x) any mortgage, lien, pledge, charge or encumbrance on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Company and not created in' contemplation of such event;

(xi) any mortgage, lien, pledge, charge or encumbrance existing on any asset prior to the acquisition thereof by the Company and not created in contemplation of such acquisition; and

(xii) any mortgage, lien, pledge, charge or encumbrance arising out of the refinancing, extension, renewal or refunding of any indebtedness secured by any mortgage, lien, pledge, change or encumbrance permitted by any of the foregoing clauses (viii), (x), and (xi) of this definition, *provided* that such indebtedness is not increased and is not secured by any additional assets.

"Excepted Property" means (a) cash, bonds, stocks, obligations and other securities (including without limitation, securities issued by subsidiaries of the Company); (b) chooses in action, accounts receivable, unbilled revenues, judgments and other evidences of indebtedness and contracts, leases and operating agreements; (c) stock in trade, merchandise, equipment, apparatus, materials or supplies and other personal property manufactured or acquired for the purpose of sale and/or resale in the usual course of business or consumable in the operation of any of the properties of the Company or held for the purpose of repairing or replacing (in whole or in part) any rolling stock, buses, motor coaches, trucks, automobiles or other vehicles or aircraft; (d) timber, gas, fuel oil, electric energy, minerals (including without limitation developed and undeveloped natural gas reserves and natural gas in underground storage or otherwise), mineral rights and royalties; (e) materials or products generated, manufactured, stored, produced or purchased by the Company for sale, distribution, or use in the ordinary course of its business; (f) office furniture and equipment, tools, rolling stock, buses, motor coaches, trucks and automobiles and other vehicles and aircraft; and (g) the Company's franchise to be a corporation.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America (including IFRS if so in effect at the time of determination).

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Governmental Official" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official governmental capacity.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such

Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Debt or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or

(d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof;

provided, that, for the avoidance of doubt, a "Guaranty" shall not include any obligations of an entity to guaranty obligations of its subsidiary if such subsidiary's obligations do not themselves constitute "Debt" of such subsidiary. In any computation of the Debt or other liabilities of the obligor under any Guaranty, the Debt or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Materials" means any and all pollutants, toxic or hazardous wastes or any other substances, including all substances listed in or regulated in any Environmental Law that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, regulated, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**.

"IAS" means International Accounting Standards as promulgated by the International Accounting Standards Board.

"IFRS" means international accounting standards promulgated by the IAS and approved by the SEC.

"INHAM Exemption" is defined in **Section 6.2(e)**.

"Institutional Investor" means (a) any original purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than $2,000,000 of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Interest Payment Dates" shall have the meaning set forth in **Section 1.2,** *provided* that if an Interest Payment Date shall fall on a day which is not a Business Day, such Interest Payment Date shall be deemed to be the first Business Day following such day.

"Interest Period" shall mean each period commencing on the date of the Closing and, thereafter, commencing on a Interest Payment Date and continuing up to, but not including, the next Interest Payment Date.

"LIBOR" shall mean, for any Interest Period:

(i) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) for a three month period which appears on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two (2) Business Days before the commencement of such Interest Period; or

(ii) if for any reason such rate is not reported in accordance with the above clause (i) or is unavailable, then "LIBOR" means the rate per annum at which deposits in Dollars are offered by the Reference Banks at approximately 11:00 A.M. (London time) two (2) Business Days before the commencement of such Interest Period to prime banks in the London interbank market for such Interest Period. The Required Holders will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for such Interest Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested the rate for such Interest Period will be the arithmetic mean of the rates quoted by major banks in London, selected by the Required Holders at approximately 11:00 A.M. (London time) two (2) Business Days prior to the commencement of such Interest Period for loans in Dollars to prime banks in the London interbank market for such Interest Period.

"LIBOR Breakage Amount" shall mean, as of the date of any payment or prepayment of the Notes then being paid or prepaid, any loss, cost or expense reasonably incurred by any holder of a Note as a result of any payment or prepayment of any Note (whether voluntary, mandatory, automatic, by reason of acceleration or otherwise) on a day other than a regularly scheduled Interest Payment Date for such Note or at the scheduled maturity, and any loss or expense arising from the liquidation or reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. Each holder shall determine the portion of the LIBOR Breakage Amount with respect to the principal amount of its Notes then being paid or prepaid (or required to be paid or prepaid) by written notice to the Company setting forth such

determination in reasonable detail. Each such determination shall be conclusive absent manifest error.

Notwithstanding anything contained in (or implied by) this definition of "LIBOR Breakage Amount" to the contrary, the Company shall not be permitted to prepay Notes pursuant to **Section 8.2** except pursuant to and in accordance with the specific provisions of said **Section 8.2**.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Memorandum" is defined in **Section 5.3**.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Net Tangible Utility Assets" means the Company's total utility assets, net of accumulated depreciation and excluding any intangible assets and any property and plant held by the Company but not used in utility service.

"Notes" is defined in **Section 1**.

"OFAC" is defined in **Section 5.16(a)**.

"OFAC Listed Person" is defined in **Section 5.16(a)**.

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Pollution Control Bonds" means tax exempt pollution control refunding revenue bonds in an aggregate principal amount not exceeding $115,850,000 issued on behalf of the Company through the New York State Energy Research and Development Authority pursuant to that certain Trust Indenture between the New York State Energy Research and Development Authority and United States Trust Company of New York, as trustee, dated as of August 1, 1999 as in effect on the date of the First Closing.

"Preferred Stock" means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

"Prepayment Premium" means, in connection with any optional prepayment of the Notes pursuant to **Section 8.2** or an acceleration of the Notes pursuant to **Section 12.1**, an amount equal to the applicable percentage of the principal amount of such Notes so prepaid or accelerated, as the case may be, set forth opposite the respective period below:

IF PREPAID OR ACCELERATED DURING THE PERIOD	APPLICABLE PERCENTAGE
Prior to the first annual anniversary date of the Closing	2%
From and after the first annual anniversary date of the Closing and prior to the second annual anniversary date of the Closing	1%
From and after the second annual anniversary date of Closing	0%

"Priority Debt" means (without duplication) the sum of (a) all Debt of the Company's Subsidiaries *plus* (b) Debt of the Company and its Subsidiaries secured by a Lien not permitted by **Section 10.2(a)** through **(e)**.

"property" or *"properties"* means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"PTE" is defined in **Section 6.2(a)**.

"Purchaser" is defined in the first paragraph of this Agreement.

"QPAM Exemption" is defined in **Section 6.2(d)**.

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"Reference Banks" means Barclays Bank plc, JPMorgan Chase & Co., HSBC Bank plc, Citibank N.A., Bank of America N.A. and Deutsche Bank AG.

"Related Fund" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Required Holders" means at any time, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"Securities" or *"Security"* shall have the same meaning as in Section 2(1) of the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Source" is defined in **Section 6.2**.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such

first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Synthetic Lease" means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

"USA Patriot Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"U.S. Economic Sanctions" is defined in **Section 5.16(a)**.

"Wholly-owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-owned Subsidiaries at such time.

DISCLOSURE MATERIALS

None.

AFFILIATES AND OFFICERS OF THE COMPANY

BOARD OF DIRECTORS OF THE COMPANY:

H. Stanley Marshall	Chairman of the Board, President and Chief Executive Officer of Fortis Inc.
Margarita K. Dilley	former Vice President and Chief Financial Officer of Astrolink International LLC
Steven M. Fetter	President of Regulation Unfettered and the former Chairman of the Michigan Public Service Commission
Mark Kastner	President and Principal of The Chazen Companies
Steven V. Lant	Chief Executive Officer of the Company
Mary D. Madden	President and Chief Executive Officer of Hudson Valley Federal Credit Union
Barry V. Perry	Vice President of Finance and Chief Financial Officer of Fortis Inc.
Karl W. Smith	President & Chief Executive Officer of FortisAlberta Inc.

SENIOR OFFICERS OF THE COMPANY:

Steven V. Lant	Chief Executive Officer
James P. Laurito	President
Christopher M. Capone	Executive Vice President and Chief Financial Officer
Joseph B. Koczko	General Counsel and Secretary

AFFILIATES OF THE COMPANY (OTHER THAN DIRECT OR INDIRECT SUBSIDIARIES OF FORTIS INC. THAT ARE NOT ALSO SUBSIDIARIES OF CH ENERGY GROUP, INC.):

Fortis Inc.
Central Hudson Enterprises Corporation

FINANCIAL STATEMENTS

1. Consolidated financial statements of the Company for the year ended December 31, 2013 (as set forth in the Company's Annual Financial Report for the year ended December 31, 2013).

EXISTING DEBT

PROMISSORY NOTES OF THE COMPANY	MATURITY DATE	AMOUNT OUTSTANDING DECEMBER 31, 2013 (IN THOUSANDS)
2004 Series D (4.73%)(3)	Feb. 27, 2014	7,000
2004 Series E (4.80%)(4)	Nov. 05, 2014	7,000
2007 Series F (6.028%)(5)	Sep. 01, 2017	33,000
2004 Series E (5.05%)(4)	Nov. 04, 2019	27,000
2006 Series E (5.76%)(4)	Nov. 17, 2031	27,000
1999 Series B(1)(2)	Jul. 01, 2034	33,700
2005 Series E (5.84%)(4)	Dec. 05, 2035	24,000
2007 Series F (5.804%)(5)	Mar. 23, 2037	33,000
2009 Series F (5.80%)(5)	Nov. 01, 2039	24,000
2010 Series A (4.30%)(6)	Sep. 21, 2020	16,000
2010 Series B (5.64%)(6)	Sep. 21, 2040	24,000
2010 Series G (2.756%)(6)	Apr 01, 2016	8,000
2010 Series G (4.15%)(6)	Apr 01, 2021	44,150
2010 Series G (5.716%)(6)	Apr 01, 2041	30,000
2011 Series G (3.378%)(6)	Apr. 01, 2022	23,400
2011 Series G (4.707%)(6)	Apr. 01, 2042	10,000
2012 Series G (4.776%)(6)	Apr. 01, 2042	48,000
2012 Series G (4.065%)(7)	Oct. 01, 2042	24,000
2013 Series C (2.45%)(7)	Nov. 01, 2018	30,000
2013 Series D (4.09%)(7)	Dec. 22, 2028	16,700
		$489,950

(1) Promissory Notes issued in connection with the sale by NYSERDA of tax-exempt pollution control revenue bonds.

(2) Variable (auction) rate notes.

(3) Issued pursuant to a 2001 PSC Order approving the issuance by the Company prior to June 30, 2004, of up to $100 million of unsecured medium-term notes.

(4) Issued pursuant to a 2004 PSC Order approving the issuance by the Company prior to December 31, 2006, of up to $85 million of unsecured medium-term notes.

(5) Issued pursuant to a 2006 PSC Order approving the issuance by the Company prior to December 31, 2009, of up to $120 million of unsecured medium-term notes.

(6) Issued pursuant to a 2009 PSC Order approving the issuance by the Company prior to December 31, 2012, of up to $250 million of unsecured medium-term notes or other forms of long-term indebtedness.

(7) Issued pursuant to a 2012 PSC Order approving the issuance by the Company prior to December 31, 2015, of up to $250 million of unsecured medium-term notes or other forms of long-term indebtedness.

Other Debt of the Company	Obligee	Amount Outstanding December 31, 2013 (In Thousands)	Maturity
$150 million unsecured revolving Credit Agreement (committed)	JPMorgan Chase Bank, N.A., Bank of America, N.A., HSBC Bank USA, N.A., Keybank National Association, RBS Citizens Bank, N.A.	$0	October 19, 2016
$20 million unsecured Promissory Note (uncommitted)	Bank of America, N.A.	$0	May 29, 2014
$19 million unsecured Promissory Note (uncommitted)	RBS Citizens Bank, N.A.	$0	Open

The Credit Agreement requires the Company not to permit the ratio of Consolidated Total Debt to Consolidated Total Capitalization to exceed 0.65 to 1.00.

FORM OF SERIES E NOTE

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Floating Rate Senior Notes, Series E, due March 26, 2024

No. _________ Date:
$____________ PPN 153609 C#7

FOR VALUE RECEIVED, the undersigned, CENTRAL HUDSON GAS & ELECTRIC CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of New York, hereby promises to pay to [________________], or registered assigns, the principal sum of [________________] DOLLARS (or so much thereof as shall not have been prepaid) on March 26, 2024, with interest (computed on the basis of a 360-day year and actual days elapsed) (a) on the unpaid balance hereof at the rate of Adjusted LIBOR Rate from the date hereof, payable quarterly, on the commencing 26th day of March, June, September and December in each year, commencing on June 26, 2014 and at maturity, until the principal hereof shall have become due and payable, and (b) during the existence of any Event of Default and to the extent permitted by law payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. To the extent permitted by law, overdue payments of interest, Prepayment Premium and LIBOR Breakage Amount shall bear interest at the Default Rate.

Payments of principal of, interest on and any Prepayment Premium and LIBOR Breakage Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of the Company or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a Series of Senior Notes, Series E (herein called the *"Notes"*) issued pursuant to the Note Purchase Agreement, dated as of March 26, 2014 (as from time to time amended or supplemented, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Prepayment Premium and LIBOR Breakage Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

By ________________________________
[Title]

FORM OF OPINION OF SPECIAL COUNSEL TO THE COMPANY

The closing opinion of Thompson Hine LLP, counsel for the Company, which is called for by **Section 4.4(a)** of the Note Purchase Agreement, shall be dated the date of the Closing and addressed to the Purchasers, shall be satisfactory in scope and form to the Purchasers and shall be to the effect that:

1. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of New York, has the corporate power and authority to execute and perform the Note Purchase Agreement and to issue the Notes and is duly licensed or qualified, and is in good standing, as a foreign corporation in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have Material Adverse Effect.

2. The Note Purchase Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3. The Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

4. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body of the State of New York or the United States of America is necessary in connection with the execution, delivery and performance of the Note Purchase Agreement or the Notes, except as may be required under the blue sky laws of the State of New York (as to which we express no opinion).

5. The issuance and sale of the Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement do not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any of the property of the Company pursuant to the provisions of the Restated Certificate of Incorporation of the Company, as amended, or the By-laws of the Company or any agreement or instrument known to us to which the Company is a party or by which the Company may be bound or by any laws of the State of New York or of the United States of America.

6. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Purchase Agreement do not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

7. The issuance of the Notes and the use of the proceeds of the sale of the Notes in accordance with the provisions of and contemplated by the Note Purchase Agreement do not violate or conflict with Regulations T, U or X of the Board of Governors of the Federal Reserve System.

8. The Company is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended.

9. To our knowledge, there is no litigation pending or threatened which challenges the legal, valid and binding nature of any of the Notes or the Note Purchase Agreement.

The opinion of Thompson Hine LLP shall cover such other matters relating to the sale of the Notes as the Purchasers may reasonably request. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and officers of the Company. The Purchasers, together with subsequent holders of the Notes, may rely on the opinion of Thomson Hine LLP.

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE PURCHASERS**

[Delivered to Purchasers Only]

EXECUTION VERSION

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

FIRST AMENDMENT
Dated as of April 22, 2014

to

NOTE PURCHASE AGREEMENT
Dated as of March 26, 2014
AND NOTES
Dated March 26, 2014

Re: $30,000,000 FLOATING RATE SENIOR NOTES, SERIES E, DUE MARCH 26, 2024

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FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT AND NOTES

THIS FIRST AMENDMENT dated as of April 22, 2014 (the or this *"First Amendment"*) to the Note Purchase Agreement dated as of March 26, 2014 and the Notes dated March 26, 2014 is among CENTRAL HUDSON GAS & ELECTRIC CORPORATION, a New York corporation (the *"Company"*), and each of the institutions which is a signatory to this First Amendment (collectively, the *"Noteholders"*).

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into that certain Note Purchase Agreement dated as of March 26, 2014 (the *"Note Purchase Agreement"*). The Company has heretofore issued $30,000,000 aggregate principal amount of its Floating Rate Senior Notes, Series E, due March 26, 2024 (the *"Notes"*) dated March 26, 2014 pursuant to the Note Purchase Agreement. The Noteholders are the holders of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Purchase Agreement and the Notes in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Purchase Agreement unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, the Company and the Noteholders, in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENTS.

Section 1.1. References in the Note Purchase Agreement and the Notes to "March 26, 2024" as the maturity date of the Notes shall be and are hereby amended by deleting "March 26, 2024" and replacing it with "March 30, 2024".

Section 1.2. Section 1.2(a) of the Note Purchase Agreement shall be and is hereby amended in its entirety to read as follows:

> "*Section 1.2. Interest Rate.* (a) The Notes shall bear interest from the date of issue at a floating rate equal to the Adjusted LIBOR Rate from time to time, payable quarterly on the 30th day of March, June, September and December in each year, commencing on June 30, 2014 and at maturity (each such date

being referred to as *"Interest Payment Date"*) and to bear interest during the existence of any Event of Default and to the extent permitted by law payable quarterly (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. To the extent permitted by law, overdue payments of interest, Prepayment Premium and LIBOR Breakage Amount shall bear interest at the Default Rate."

Section 1.3. Section 22.2 of the Note Purchase Agreement shall be and is hereby amended in its entirety to read as follows:

> "*Section 22.2. Payments Due on Non-Business Days.* Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in **Section 8.5** that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Prepayment Premium, LIBOR Breakage Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of the interest payable on such next succeeding Business Day."

Section 1.4. Exhibit 1 of the Note Purchase Agreement shall be and is hereby amended in its entirety by substituting **Schedule A** attached hereto in place of said Exhibit 1.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Section 2.1. To induce the Noteholders to execute and deliver this First Amendment (which representations shall survive the execution and delivery of this First Amendment), the Company represents and warrants to the Noteholders that:

(a) this First Amendment has been duly authorized, executed and delivered by it and this First Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Note Purchase Agreement, as amended by this First Amendment, constitute the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the Notes, as amended by this First Amendment, constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(d) the execution, delivery and performance by the Company of this First Amendment (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this **§ 2.1(d)**; and

(e) as of the date hereof and after giving effect to this First Amendment, no Default or Event of Default has occurred which is continuing.

SECTION 3. CONDITIONS TO EFFECTIVENESS OF THIS FIRST AMENDMENT.

Section 3.1. This First Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this First Amendment, duly executed by the Company and the holders of 100% of the outstanding principal of the Notes, shall have been delivered to the Noteholders;

(b) the Noteholders shall have received new notes in the form of **Schedule A** hereto in exchange for the Notes issued on March 26, 2014;

(c) the representations and warranties of the Company set forth in **§ 2** hereof are true and correct on and with respect to the date hereof; and

(d) the Noteholders shall have received the favorable opinion of counsel to the Company as to the matters set forth in **§§ 2.1(a), 2.1(b), 2.1(c)** and **2.1(d)** hereof, which opinion shall be in form and substance satisfactory to the Noteholders.

Upon receipt of all of the foregoing, this First Amendment shall become effective.

SECTION 4. PAYMENT OF NOTEHOLDERS' COUNSEL FEES AND EXPENSES.

Section 4.1. The Company agrees to pay upon demand, the reasonable fees and expenses of Chapman and Cutler LLP counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this First Amendment.

SECTION 5. MISCELLANEOUS.

Section 5.1. This First Amendment shall be construed in connection with and as part of each of the Note Purchase Agreement, and except as modified and expressly amended by this First Amendment, all terms, conditions and covenants contained in the Note Purchase Agreement and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 5.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Purchase Agreement without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

Section 5.3. The descriptive headings of the various Sections or parts of this First Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 5.4. **This First Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.**

Section 5.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[Remainder of Page Intentionally Left Blank]

CENTRAL HUDSON GAS & ELECTRIC
CORPORATION

By Christopher M Capone
Name: Christopher M. Capone
Title: Executive Vice President
Chief Financial Officer

Accepted and Agreed to:

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: NYL Investors LLC, its Investment Manager

By Colleen C. Cooney
Name: Colleen C. Cooney
Title: Senior Director

NEW YORK LIFE INSURANCE COMPANY

By Colleen C. Cooney
Name: Colleen C. Cooney
Title: Corporate Vice President

SCHEDULE A

FORM OF SERIES E NOTE

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Floating Rate Senior Notes, Series E, due March 30, 2024

No. _________ Date:
$____________ PPN [__________]

FOR VALUE RECEIVED, the undersigned, CENTRAL HUDSON GAS & ELECTRIC CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of New York, hereby promises to pay to [________________], or registered assigns, the principal sum of [________________] DOLLARS (or so much thereof as shall not have been prepaid) on March 30, 2024, with interest (computed on the basis of a 360-day year and actual days elapsed) (a) on the unpaid balance hereof at the rate of Adjusted LIBOR Rate from the date hereof, payable quarterly, on the commencing 30th day of March, June, September and December in each year, commencing on June 30, 2014 and at maturity, until the principal hereof shall have become due and payable, and (b) during the existence of any Event of Default and to the extent permitted by law payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. To the extent permitted by law, overdue payments of interest, Prepayment Premium and LIBOR Breakage Amount shall bear interest at the Default Rate.

Payments of principal of, interest on and any Prepayment Premium and LIBOR Breakage Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of the Company or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a Series of Senior Notes, Series E (herein called the *"Notes"*) issued pursuant to the Note Purchase Agreement, dated as of March 26, 2014 (as from time to time amended or supplemented, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Prepayment Premium and LIBOR Breakage Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

By ________________________________
[Title]

April 22, 2014

New York Life Insurance and Annuity Corporation
New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603

Ladies and Gentlemen:

We have acted as counsel to Central Hudson Gas & Electric Corporation, a New York corporation (the "Company"), in connection with: (i) the issuance and sale of $30,000,000 in aggregate principal amount of the Company's Floating Rate Senior Notes, Series E, due March 26, 2024 (the "Notes") to New York Life Insurance and Annuity Corporation and New York Life Insurance Company (the "Note Purchasers") pursuant to the Note Purchase Agreement dated as of March 26, 2014 (the "Note Purchase Agreement") among the Company and the Note Purchasers, and (ii) the First Amendment dated April 22, 2014 to the Note Purchase Agreement among the Company and the Note Purchasers (the "Amendment") and the Company's two Floating Rate Senior Notes, Series E, due March 30, 2024 issued as of April 22, 2014 in replacement of the Notes (the "New Notes"). We have been requested by the Company to give our opinion pursuant to Section 3.1(d) of the Amendment. For purposes hereof, terms defined in the Note Purchase Agreement, as amended by the Amendment (as so amended, the "Amended Note Purchase Agreement"), and used herein without definition shall have the meanings given such terms in the Amended Note Purchase Agreement.

In connection with the opinions set forth in this letter, we have reviewed the Note Purchase Agreement, the Amendment, the Notes and the New Notes. We also have investigated such questions of law and examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents and records, in each case as we have deemed necessary or appropriate for purposes of the opinions set forth herein. In addition, we have obtained and relied upon such certificates and assurances from public officials as we have deemed necessary. We have relied upon the representations and warranties of the Company in the Note Purchase Agreement and the Amendment and upon certificates of officers of the Company and of others with respect to certain factual matters. We have not independently verified such factual matters.

In our examination, we have assumed the genuineness of all signatures (other than those of the Company), the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified copies or photocopies, the authenticity of the originals of such copies and the legal capacity of all natural persons.

We also have made, with your consent, the following additional assumptions:

(a) The Note Purchase Agreement and the Amendment have been duly authorized, executed and delivered by each party thereto other than the Company.

(b) The Note Purchase Agreement and the Amendment are legal, valid and binding obligations of each party thereto other than the Company, enforceable against each such other party in accordance with their terms.

(c) Each of the parties to the Note Purchase Agreement and the Amendment other than the Company is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, with full power and authority to execute and deliver the Note Purchase Agreement and the Amendment and to perform the transactions contemplated thereby.

Based upon the foregoing, but subject to the assumptions set forth above and the qualifications hereinafter set forth, it is our opinion that:

1. The Amendment has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

2. The Amended Note Purchase Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3. The New Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

4. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body of the State of New York or the United States of America is necessary in connection with the execution, delivery and performance of the Amendment or the New Notes, except as may be required under the blue sky laws of the State of New York (as to which we express no opinion).

5. The issuance and sale of the New Notes and the execution, delivery and performance by the Company of the Amendment and the New Notes do not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the

creation or imposition of any Lien upon any of the property of the Company pursuant to the provisions of the Restated Certificate of Incorporation of the Company, as amended, or the By-laws of the Company or any agreement or instrument known to us to which the Company is a party or by which the Company may be bound or by any laws of the State of New York or of the United States of America.

The foregoing opinions are subject to the following assumptions and qualifications:

(i) The opinions with respect to the enforceability of the Note Purchase Agreement, the Amendment, and the New Notes are subject to the effect of: (A) any federal and other applicable bankruptcy, reorganization, liquidation, insolvency, arrangement, moratorium, fraudulent transfer, fraudulent conveyance and other similar laws relating to or generally affecting the rights of creditors, and the principles of the law of guaranty and suretyship, in any case whether in effect now or in the future, and (B) the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or by a court of equity). In addition, we advise you that a court may not strictly enforce the covenants contained in the Amended Note Purchase Agreement and the New Notes or permit acceleration if it determines that such enforcement or acceleration would be unreasonable under the then existing circumstances.

(ii) The opinion expressed in numbered paragraph 4 with respect to no filings being necessary in connection with the execution, delivery and performance of the Note Purchase Agreement, the Amendment and the New Notes is subject to the requirement in an Order issued by the Public Service Commission of the State of New York on September 14, 2012 (Case 12-M-0172) that the Company make a compliance filing with the Commission following the issuance and sale of the Notes.

(iii) We express no opinion as to the validity or enforceability of any provision of the Note Purchase Agreement, the Amendment or the New Notes which: (A) permits the Note Purchasers to charge a pre-payment premium or to increase the rate of interest to an amount that may be determined to be a penalty or liquidated damages, (B) purports to be a waiver by the Company of any right or benefit (including, without limitation, any cognovit provisions or confessions of judgment) except to the extent permitted by applicable law, (C) purports to grant to the Note Purchasers a power-of-attorney, or (D) purports to require that waivers be in writing. Any provision of the Note Purchase Agreement, the Amendment or the New Notes that purports to grant the Note Purchasers the right to have its attorneys' fees and expenses paid by the Company will be enforceable only to the extent such fees and expenses are determined to be reasonable by a court of competent jurisdiction.

(v) We express no opinion as to whether the enforceability of certain remedial and other provisions of the Note Purchase Agreement, the Amendment and the New Notes may be limited by implied covenants of good faith, fair dealing, and commercially reasonable conduct.

(vi) Matters provided in the Note Purchase Agreement, the Amendment or the New Notes to be in the sole or uncontrolled discretion of the Note Purchasers or subject to the exclusive judgment of the Note Purchasers may be held by a court to be subject to a standard of reasonableness or not to be enforceable.

(vii) We are members of the Bar of the State of New York, and we do not hold ourselves out as being conversant with, and we express no opinion as to, the laws of any jurisdiction other than the laws of the State of New York and the federal laws of the United States of America.

We have reviewed this letter with our clients, and have received their consent to deliver it to you. The foregoing opinions may be relied upon by the Note Purchasers only in connection with the transactions contemplated by the Amended Note Purchase Agreement and may not be used or relied upon by the Note Purchasers or any other person for any other purpose whatsoever without, in each instance, our prior written consent; provided, however, that subsequent holders of the Notes may rely on such opinions to the same extent as the Note Purchasers. Our opinions are limited to the conclusions specifically stated herein, and no opinion may be inferred or implied beyond such specific conclusions. We disclaim any undertaking or obligation to advise you of any changes in the conclusions or other matters covered in this letter that hereafter may come to our attention.

Very truly yours,

Thompson Hine LLP

DAN; JBK

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