UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission File Number	Registrant, State of Incorporation Address and Telephone Number	IRS Employer Identification No.
0-30512	CH Energy Group, Inc. (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4839 (845) 452-2000	14-1804460
1-3268	Central Hudson Gas & Electric Corporation (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4839 (845) 452-2000	14-0555980

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CH Energy Group, Inc.	Yes ☑	No ☐
Central Hudson Gas & Electric Corporation	Yes ☑	No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

CH Energy Group, Inc.	Yes ☑	No ☐
Central Hudson Gas & Electric Corporation	Yes ☑	No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

CH Energy Group, Inc.	Central Hudson Gas & Electric Corporation
Large Accelerated Filer ☑	Large Accelerated Filer ☐
Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☐	Non-Accelerated Filer ☑
Smaller Reporting Company ☐	Smaller Reporting Company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

CH Energy Group, Inc.	Yes ☐	No ☑
Central Hudson Gas & Electric Corporation	Yes ☐	No ☑

As of the close of business on October 31, 2011 (i) CH Energy Group, Inc. had outstanding 14,888,149 shares of Common Stock ($0.10 per share par value) and (ii) all of the outstanding 16,862,087 shares of Common Stock ($5 per share par value) of Central Hudson Gas & Electric Corporation were held by CH Energy Group, Inc.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H)(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTIONS (H)(2)(a), (b) AND (c).

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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PART I – FINANCIAL INFORMATION

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FILING FORMAT

This Quarterly Report on Form 10-Q is a combined quarterly report being filed by two different registrants: CH Energy Group, Inc. ("CH Energy Group") and Central Hudson Gas & Electric Corporation ("Central Hudson"), a wholly owned subsidiary of CH Energy Group. Except where the content clearly indicates otherwise, any reference in this report to CH Energy Group includes all subsidiaries of CH Energy Group, including Central Hudson. Central Hudson makes no representation as to the information contained in this report in relation to CH Energy Group and its subsidiaries other than Central Hudson.

PART 1 – FINANCIAL INFORMATION

ITEM 1 – Financial Statements (Unaudited)

CH ENERGY GROUP CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(In Thousands, except per share amounts)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues				
Electric	$ 149,706	$ 165,304	$ 418,511	$ 436,362
Natural gas	18,462	18,823	127,941	120,371
Competitive business subsidiaries:				
Petroleum products	47,951	34,429	194,612	151,767
Other	4,936	5,101	14,630	14,942
Total Operating Revenues	221,055	223,657	755,694	723,442
Operating Expenses				
Operation:				
Purchased electricity and fuel used in electric generation	60,734	76,890	168,797	196,413
Purchased natural gas	6,337	7,217	63,425	59,619
Purchased petroleum	43,564	30,268	167,558	125,352
Other expenses of operation - regulated activities	55,480	58,495	181,460	166,389
Other expenses of operation - competitive business subsidiaries	10,997	11,080	34,870	35,223
Depreciation and amortization	10,180	9,766	30,599	29,049
Taxes, other than income tax	11,760	11,243	36,687	32,626
Total Operating Expenses	199,052	204,959	683,396	644,671
Operating Income	22,003	18,698	72,298	78,771
Other Income and Deductions				
Income from unconsolidated affiliates	25	(95)	644	(393)
Interest on regulatory assets and other interest income	1,226	853	4,673	3,487
Impairment of Investments	(3,582)	(11,408)	(3,582)	(11,408)
Regulatory adjustments for interest costs	319	(427)	1,032	(675)
Business development costs	(529)	(216)	(1,027)	(1,018)
Other - net	154	(86)	(887)	(119)
Total Other Income (Deductions)	(2,387)	(11,379)	853	(10,126)
Interest Charges				
Interest on long-term debt	6,620	5,591	20,090	16,848
Penalty for early retirement of debt	2,982	-	2,982	-
Interest on regulatory liabilities and other interest	1,553	1,288	4,568	4,439
Total Interest Charges	11,155	6,879	27,640	21,287
Income before income taxes, non-controlling interest and preferred dividends of subsidiary	8,461	440	45,511	47,358
Income Taxes (Benefit)	3,550	(1,360)	17,213	17,278
Net Income from Continuing Operations	4,911	1,800	28,298	30,080
Discontinued Operations				
Income (loss) from discontinued operations before tax	(10)	393	1,149	(1,167)
Gain from sale of discontinued operations	2,070	-	841	-
Income tax (benefit) expense from discontinued operations	(1,599)	60	(1,669)	(524)
Net Income (loss) from Discontinued Operations	3,659	333	3,659	(643)
Net Income	8,570	2,133	31,957	29,437
Net Income (loss) attributable to non-controlling interest:				
Non-controlling interest in subsidiary	-	112	-	(272)
Dividends declared on Preferred Stock of subsidiary	242	242	727	727
Net income attributable to CH Energy Group	8,328	1,779	31,230	28,982
Dividends declared on Common Stock	8,263	8,545	25,021	25,629
Change in Retained Earnings	$ 65	$ (6,766)	$ 6,209	$ 3,353

The Notes to Financial Statements are an integral part hereof.

CH ENERGY GROUP CONSOLIDATED STATEMENT OF INCOME (CONT'D) (UNAUDITED)

(In Thousands, except per share amounts)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Common Stock:				
Average shares outstanding - Basic	15,126	15,790	15,416	15,783
Average shares outstanding - Diluted	15,314	15,952	15,604	15,954
Income from continuing operations attributable to CH Energy Group common shareholders				
Earnings per share - Basic	$ 0.31	$ 0.09	$ 1.79	$ 1.88
Earnings per share - Diluted	$ 0.30	$ 0.09	$ 1.77	$ 1.86
Income (loss) from discontinued operations attributable to CH Energy Group common shareholders				
Earnings per share - Basic	$ 0.24	$ 0.02	$ 0.24	$ (0.04)
Earnings per share - Diluted	$ 0.24	$ 0.02	$ 0.23	$ (0.04)
Amounts attributable to CH Energy Group common shareholders				
Earnings per share - Basic	$ 0.55	$ 0.11	$ 2.03	$ 1.84
Earnings per share - Diluted	$ 0.54	$ 0.11	$ 2.00	$ 1.82
Dividends Declared Per Share	$ 0.56	$ 0.54	$ 1.64	$ 1.62

CH ENERGY GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net Income	$ 8,570	$ 2,133	$ 31,957	$ 29,437
Other Comprehensive Income:				
Fair value of cash flow hedges:				
Unrealized (loss)/gains - net of tax of $0 and $0 in 2011 and $0 and ($13) in 2010, respectively	-	-	-	19
Reclassification for gains realized in net income - net of tax of $0 and $0 in 2011 and $0 and $35 in 2010, respectively	-	-	-	(52)
Net unrealized gains/(losses) recorded from investments held by equity method investees - net of tax of ($37) and ($10) in 2011 and ($7) and ($78) in 2010, respectively	56	10	15	117
Other comprehensive income	56	10	15	84
Comprehensive Income	8,626	2,143	31,972	29,521
Comprehensive income attributable to non-controlling interest	242	354	727	455
Comprehensive income attributable to CH Energy Group	$ 8,384	$ 1,789	$ 31,245	$ 29,066

The Notes to Financial Statements are an integral part hereof.

CH ENERGY GROUP CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)

	Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net income	$ 31,957	$ 29,437
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	28,614	27,055
Amortization	3,120	2,907
Deferred income taxes - net	15,061	25,618
Bad debt expense	6,049	2,410
Impairment of investments	3,582	11,408
Distributed (undistributed) equity in earnings of unconsolidated affiliates	(644)	756
Pension expense	20,725	22,728
Other post-employment benefits ("OPEB") expense	5,203	4,883
Regulatory liability - rate moderation	(7,849)	(14,019)
Revenue decoupling mechanism recorded	4,956	(1,568)
Regulatory asset amortization	3,524	3,451
(Gain) loss on sale of assets	(897)	11
Changes in operating assets and liabilities - net of business acquisitions:		
Accounts receivable, unbilled revenues and other receivables	2,380	6,546
Fuel, materials and supplies	(843)	(2,298)
Special deposits and prepayments	2,779	211
Income and other taxes	(1,773)	(10,772)
Accounts payable	(18,092)	(4,279)
Accrued interest	1,566	218
Customer advances	(508)	(3,640)
Pension plan contribution	(32,536)	(31,854)
OPEB contribution	(1,184)	(4,275)
Revenue decoupling mechanism collected	2,388	4,271
Regulatory asset - storm deferral	(3,441)	(16,720)
Regulatory asset - manufactured gas plant ("MGP") site remediation	3,761	(10,802)
Regulatory asset - Temporary State Assessment	(2,169)	(3,112)
Deferred natural gas and electric costs	22,164	5,052
Other - net	6,895	7,655
Net cash provided by operating activities	94,788	51,278
Investing Activities:		
Proceeds from sale of assets	42,234	40
Additions to utility and other property and plant	(61,755)	(75,771)
Acquisitions made by competitive business subsidiaries	(2,255)	(749)
Proceeds from federal grants	14,744	-
Other - net	(3,022)	(3,910)
Net cash used in investing activities	(10,054)	(80,390)
Financing Activities:		
Redemption of long-term debt	(20,464)	(24,000)
Proceeds from issuance of long-term debt	33,400	40,000
Borrowings of short-term debt - net	5,000	-
Dividends paid on Common Stock	(25,290)	(25,619)
Dividends paid on Preferred Stock of subsidiary	(727)	(727)
Shares repurchased	(48,612)	-
Other - net	(647)	(293)
Net cash used in financing activities	(57,340)	(10,639)
Net Change in Cash and Cash Equivalents	27,394	(39,751)
Cash and Cash Equivalents at Beginning of Period	29,420	73,436
Cash and Cash Equivalents at End of Period	$ 56,814	$ 33,685
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 22,276	$ 17,189
Federal and state taxes paid	$ 17,150	$ 21,208
Additions to plant included in liabilities	$ 3,997	$ 2,685
Regulatory asset - storm deferral costs in liabilities	$ 9,396	$ 2,648

The Notes to Financial Statements are an integral part hereof.

CH ENERGY GROUP CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In Thousands)

	September 30, 2011	December 31, 2010	September 30, 2010
ASSETS			
Utility Plant			
Electric	$ 988,319	$ 963,261	$ 945,139
Natural gas	301,989	292,358	288,052
Common	142,201	142,255	143,918
Gross Utility Plant	1,432,509	1,397,874	1,377,109
Less: Accumulated depreciation	385,198	395,776	393,514
Net	1,047,311	1,002,098	983,595
Construction work in progress	63,996	52,607	55,468
Net Utility Plant	1,111,307	1,054,705	1,039,063
Non-Utility Property & Plant			
Griffith non-utility property & plant	30,795	29,881	29,177
Other non-utility property & plant	6,181	64,059	62,488
Gross Non-Utility Property & Plant	36,976	93,940	91,665
Less: Accumulated depreciation - Griffith	21,656	20,519	20,071
Less: Accumulated depreciation - other	1,121	5,108	4,576
Net Non-Utility Property & Plant	14,199	68,313	67,018
Current Assets			
Cash and cash equivalents	56,814	29,420	33,685
Accounts receivable from customers - net of allowance for doubtful accounts of $6.5 million, $6.7 million and $7.0 million, respectively	90,155	99,402	84,091
Accrued unbilled utility revenues	11,320	16,233	10,862
Other receivables	8,618	8,006	7,686
Fuel, materials and supplies	25,530	25,447	27,182
Regulatory assets	43,407	89,905	106,607
Income tax receivable	2,822	2,802	47,819
Fair value of derivative instruments	42	146	86
Special deposits and prepayments	19,836	22,869	21,149
Accumulated deferred income tax	12,956	-	-
Total Current Assets	271,500	294,230	339,167
Deferred Charges and Other Assets			
Regulatory assets - pension plan	121,238	142,647	144,781
Regulatory assets - other	105,899	90,264	79,571
Goodwill	36,538	35,940	35,956
Other intangible assets - net	12,682	12,867	13,431
Unamortized debt expense	5,017	4,774	5,092
Investments in unconsolidated affiliates	3,043	6,681	6,656
Other investments	14,422	12,883	12,052
Other	6,175	5,971	7,193
Total Deferred Charges and Other Assets	305,014	312,027	304,732
Total Assets	$ 1,702,020	$ 1,729,275	$ 1,749,980

The Notes to Financial Statements are an integral part hereof.

CH ENERGY GROUP CONSOLIDATED BALANCE SHEET (CONT'D) (UNAUDITED)
(In Thousands)

	September 30, 2011	December 31, 2010	September 30, 2010
CAPITALIZATION AND LIABILITIES			
Capitalization			
CH Energy Group Common Shareholders' Equity			
Common Stock (30,000,000 shares authorized: $0.10 par value; 16,862,087 shares issued) 14,885,037 shares, 15,799,262 shares and 15,823,926 shares outstanding, respectively	$ 1,686	$ 1,686	$ 1,686
Paid-in capital	350,693	350,360	350,444
Retained earnings	236,551	230,342	229,352
Treasury stock - 1,977,050 shares, 1,062,825 shares and 1,038,161 shares, respectively	(93,210)	(44,887)	(43,652)
Accumulated other comprehensive income	474	459	268
Capital stock expense	(328)	(328)	(328)
Total CH Energy Group Common Shareholders' Equity	495,866	537,632	537,770
Non-controlling interest in subsidiary	-	172	1,113
Total Equity	495,866	537,804	538,883
Preferred Stock of subsidiary	21,027	21,027	21,027
Long-term debt	446,466	502,959	503,900
Total Capitalization	963,359	1,061,790	1,063,810
Current Liabilities			
Current maturities of long-term debt	70,373	941	-
Notes payable	5,000	-	-
Accounts payable	47,915	57,059	42,252
Accrued interest	7,964	6,398	6,285
Dividends payable	8,505	8,774	8,787
Accrued vacation and payroll	6,956	6,663	6,676
Customer advances	18,801	19,309	18,810
Customer deposits	6,651	7,727	7,982
Regulatory liabilities	12,444	18,596	16,461
Fair value of derivative instruments	12,778	13,183	35,184
Accrued environmental remediation costs	5,227	2,233	5,593
Deferred revenues	3,699	4,650	3,723
Accumulated deferred income tax	-	9,634	9,109
Other	14,565	18,961	14,553
Total Current Liabilities	220,878	174,128	175,415
Deferred Credits and Other Liabilities			
Regulatory liabilities - OPEB	12,038	6,976	4,936
Regulatory liabilities - other	110,280	99,793	99,395
Operating reserves	3,414	3,187	3,938
Fair value of derivative instruments	3,193	11,698	-
Accrued environmental remediation costs	11,937	4,312	3,468
Accrued OPEB costs	46,426	45,367	45,367
Accrued pension costs	76,414	102,555	128,379
Tax reserve	9,668	11,486	8,322
Other	18,831	16,967	16,034
Total Deferred Credits and Other Liabilities	292,201	302,341	309,839
Accumulated Deferred Income Tax	225,582	191,016	200,916
Commitments and Contingencies			
Total Capitalization and Liabilities	$ 1,702,020	$ 1,729,275	$ 1,749,980

The Notes to Financial Statements are an integral part hereof.

CH ENERGY GROUP CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)

(In Thousands, except share amounts)

	CH Energy Group Common Shareholders									
	Common Stock		Treasury Stock							
	Shares Issued	Amount	Shares Repurchased	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Non-controlling Interest	Total Equity
Balance at December 31, 2009	16,862,087	$ 1,686	(1,057,525)	$ (44,406)	$ 350,367	$ (328)	$ 225,999	$ 184	$ 1,385	$ 534,887
Comprehensive income:										
Net income							29,709		(272)	29,437
Dividends declared on Preferred Stock of subsidiary							(727)			(727)
Change in fair value:										
Derivative instruments								19		19
Investments								117		117
Reclassification adjustments for gains recognized in net income								(52)		(52)
Dividends declared on common stock							(25,629)			(25,629)
Treasury shares activity - net			19,364	754	77					831
Balance at September 30, 2010	16,862,087	$ 1,686	(1,038,161)	$ (43,652)	$ 350,444	$ (328)	$ 229,352	$ 268	$ 1,113	$ 538,883
Balance at December 31, 2010	16,862,087	$ 1,686	(1,062,825)	$ (44,887)	$ 350,360	$ (328)	$ 230,342	$ 459	$ 172	$ 537,804
Comprehensive income:										
Net income							31,957			31,957
Dividends declared on Preferred Stock of subsidiary							(727)			(727)
Sale of majority owned subsidiary									(172)	(172)
Change in fair value:										
Investments								15		15
Dividends declared on common stock							(25,021)			(25,021)
Treasury shares activity - net			(914,225)	(48,323)	333					(47,990)
Balance at September 30, 2011	16,862,087	$ 1,686	(1,977,050)	$ (93,210)	$ 350,693	$ (328)	$ 236,551	$ 474	$ -	$ 495,866

The Notes to Financial Statements are an integral part hereof.

CENTRAL HUDSON STATEMENT OF INCOME (UNAUDITED)
(In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues				
Electric	$ 149,706	$ 165,304	$ 418,511	$ 436,362
Natural gas	18,462	18,823	127,941	120,371
Total Operating Revenues	168,168	184,127	546,452	556,733
Operating Expenses				
Operation:				
Purchased electricity and fuel used in electric generation	60,734	76,890	168,796	196,413
Purchased natural gas	6,337	7,217	63,425	59,619
Other expenses of operation	55,480	58,495	181,460	166,389
Depreciation and amortization	8,909	8,526	26,791	25,362
Taxes, other than income tax	11,644	11,142	36,303	32,255
Total Operating Expenses	143,104	162,270	476,775	480,038
Operating Income	25,064	21,857	69,677	76,695
Other Income and Deductions				
Interest on regulatory assets and other interest income	1,209	853	4,646	3,486
Regulatory adjustments for interest costs	319	(427)	1,032	(675)
Other - net	327	(168)	(636)	(206)
Total Other Income	1,855	258	5,042	2,605
Interest Charges				
Interest on long-term debt	5,872	4,785	17,668	14,371
Interest on regulatory liabilities and other interest	1,529	1,279	4,517	4,430
Total Interest Charges	7,401	6,064	22,185	18,801
Income Before Income Taxes	19,518	16,051	52,534	60,499
Income Taxes	7,853	6,311	20,858	24,125
Net Income	11,665	9,740	31,676	36,374
Dividends Declared on Cumulative Preferred Stock	242	242	727	727
Income Available for Common Stock	$ 11,423	$ 9,498	$ 30,949	$ 35,647

CENTRAL HUDSON STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net Income	$ 11,665	$ 9,740	$ 31,676	$ 36,374
Other Comprehensive Income	-	-	-	-
Comprehensive Income	$ 11,665	$ 9,740	$ 31,676	$ 36,374

The Notes to Financial Statements are an integral part hereof.

CENTRAL HUDSON STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)

	Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net income	$ 31,676	$ 36,374
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25,463	24,159
Amortization	1,328	1,203
Deferred income taxes - net	19,975	19,490
Bad debt expense	5,075	1,835
Pension expense	20,725	22,728
OPEB expense	5,203	5,344
Regulatory liability - rate moderation	(7,849)	(14,019)
Revenue decoupling mechanism recorded	4,956	(1,568)
Regulatory asset amortization	3,524	3,451
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues and other receivables	1,690	(1,646)
Fuel, materials and supplies	(2,550)	(3,100)
Special deposits and prepayments	1,563	1,997
Income and other taxes	(682)	4,425
Accounts payable	(10,420)	1,507
Accrued interest	1,346	(617)
Customer advances	(3,597)	(4,554)
Pension plan contribution	(32,536)	(31,854)
OPEB contribution	(1,184)	(4,275)
Revenue decoupling mechanism collected	2,388	4,271
Regulatory asset - storm deferral	(3,441)	(16,720)
Regulatory asset - MGP site remediation	3,761	(10,802)
Regulatory asset - Temporary State Assessment	(2,169)	(3,112)
Deferred natural gas and electric costs	22,164	5,052
Other - net	10,658	11,971
Net cash provided by operating activities	97,067	51,540
Investing Activities:		
Additions to utility plant	(57,434)	(49,424)
Other - net	(3,705)	(3,964)
Net cash used in investing activities	(61,139)	(53,388)
Financing Activities:		
Redemption of long-term debt	-	(24,000)
Proceeds from issuance of long-term debt	33,400	40,000
Dividends paid to parent - CH Energy Group	(33,000)	-
Dividends paid on cumulative Preferred Stock	(727)	(727)
Other - net	(647)	(294)
Net cash (used in) provided by financing activities	(974)	14,979
Net Change in Cash and Cash Equivalents	34,954	13,131
Cash and Cash Equivalents - Beginning of Period	9,622	4,784
Cash and Cash Equivalents - End of Period	$ 44,576	$ 17,915
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 17,036	$ 15,416
Federal and state taxes paid	$ 16,113	$ 15,656
Additions to plant included in liabilities	$ 3,997	$ 2,183
Regulatory asset - storm deferral costs in liabilities	$ 9,396	$ 2,648

The Notes to Financial Statements are an integral part hereof.

CENTRAL HUDSON BALANCE SHEET (UNAUDITED)
(In Thousands)

	September 30, 2011	December 31, 2010	September 30, 2010
ASSETS			
Utility Plant			
Electric	$ 988,319	$ 963,261	$ 945,139
Natural gas	301,989	292,358	288,052
Common	142,201	142,255	143,918
Gross Utility Plant	1,432,509	1,397,874	1,377,109
Less: Accumulated depreciation	385,198	395,776	393,514
Net	1,047,311	1,002,098	983,595
Construction work in progress	63,996	52,607	55,468
Net Utility Plant	1,111,307	1,054,705	1,039,063
Non-Utility Property and Plant	681	681	681
Less: Accumulated depreciation	36	35	34
Net Non-Utility Property and Plant	645	646	647
Current Assets			
Cash and cash equivalents	44,576	9,622	17,915
Accounts receivable from customers - net of allowance for doubtful accounts of $5.2 million, $5.3 million and $5.5 million, respectively	66,859	67,185	66,926
Accrued unbilled utility revenues	11,320	16,233	10,862
Other receivables	4,679	10,328	3,833
Fuel, materials and supplies - at average cost	22,577	20,027	24,405
Regulatory assets	43,407	89,905	106,607
Income tax receivable	-	-	41,465
Fair value of derivative instruments	-	34	-
Special deposits and prepayments	15,697	17,184	16,375
Accumulated deferred income tax	6,593	-	-
Total Current Assets	215,708	230,518	288,388
Deferred Charges and Other Assets			
Regulatory assets - pension plan	121,238	142,647	144,781
Regulatory assets - other	105,899	90,264	79,571
Unamortized debt expense	5,017	4,774	5,092
Other investments	14,008	12,511	11,710
Other	2,217	3,009	4,152
Total Deferred Charges and Other Assets	248,379	253,205	245,306
Total Assets	$ 1,576,039	$ 1,539,074	$ 1,573,404

The Notes to Financial Statements are an integral part hereof.

CENTRAL HUDSON BALANCE SHEET (CONT'D) (UNAUDITED)
(In Thousands)

	September 30, 2011	December 31, 2010	September 30, 2010
CAPITALIZATION AND LIABILITIES			
Capitalization			
Common Stock, 30,000,000 shares authorized; 16,862,087 shares issued and outstanding, $5 par value	$ 84,311	$ 84,311	$ 84,311
Paid-in capital	199,980	199,980	199,980
Retained earnings	162,847	164,898	160,397
Capital stock expense	(4,961)	(4,961)	(4,961)
Total Equity	442,177	444,228	439,727
Cumulative Preferred Stock not subject to mandatory redemption	21,027	21,027	21,027
Long-term debt	417,903	453,900	453,900
Total Capitalization	881,107	919,155	914,654
Current Liabilities			
Current maturities of long-term debt	69,400	-	-
Accounts payable	42,229	43,452	37,024
Accrued interest	7,313	5,967	5,020
Dividends payable - Preferred Stock	242	242	242
Dividends payable to parent	-	-	26,000
Accrued vacation and payroll	5,568	5,484	5,311
Customer advances	10,157	13,753	10,449
Customer deposits	6,587	7,654	7,922
Regulatory liabilities	12,444	18,596	16,461
Fair value of derivative instruments	12,778	13,183	35,184
Accrued environmental remediation costs	4,552	1,396	5,106
Accrued income taxes	1,184	113	-
Accumulated deferred income tax	-	13,021	11,746
Other	11,481	13,275	9,694
Total Current Liabilities	183,935	136,136	170,159
Deferred Credits and Other Liabilities			
Regulatory liabilities - OPEB	12,038	6,976	4,936
Regulatory liabilities - other	110,280	99,793	99,395
Operating reserves	2,235	2,068	2,690
Fair value of derivative instruments	3,193	11,698	-
Accrued environmental remediation costs	10,483	1,849	572
Accrued OPEB costs	46,426	45,367	45,367
Accrued pension costs	76,414	102,555	128,379
Tax reserve	9,668	11,486	8,322
Other	17,884	16,109	15,179
Total Deferred Credits and Other Liabilities	288,621	297,901	304,840
Accumulated Deferred Income Tax	222,376	185,882	183,751
Commitments and Contingencies			
Total Capitalization and Liabilities	$ 1,576,039	$ 1,539,074	$ 1,573,404

The Notes to Financial Statements are an integral part hereof.

CENTRAL HUDSON STATEMENT OF EQUITY (UNAUDITED)
(In Thousands, except share amounts)

	Central Hudson Common Shareholders								
	Common Stock		Treasury Stock						
	Shares Issued	Amount	Shares Repurchased	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Total Equity
Balance at December 31, 2009	16,862,087	$ 84,311	-	$ -	$199,980	$ (4,961)	$ 150,750	$ -	$ 430,080
Net income							36,374		36,374
Dividends declared:									
On cumulative Preferred Stock							(727)		(727)
On Common Stock to parent - CH Energy Group							(26,000)		(26,000)
Balance at September 30, 2010	16,862,087	$ 84,311	-	$ -	$199,980	$ (4,961)	$ 160,397	$ -	$439,727
Balance at December 31, 2010	16,862,087	$ 84,311	-	$ -	$199,980	$ (4,961)	$164,898	$ -	$ 444,228
Net income							31,676		31,676
Dividends declared:									
On cumulative Preferred Stock							(727)		(727)
On Common Stock to parent - CH Energy Group							(33,000)		(33,000)
Balance at September 30, 2011	16,862,087	$ 84,311	-	$ -	$199,980	$ (4,961)	$ 162,847	$ -	$ 442,177

The Notes to Financial Statements are an integral part hereof.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – Summary of Significant Accounting Policies

Basis of Presentation

This Quarterly Report on Form 10-Q is a combined report of CH Energy Group, Inc. ("CH Energy Group") and its regulated electric and natural gas subsidiary, Central Hudson Gas & Electric Corporation ("Central Hudson"). The Notes to the Consolidated Financial Statements apply to both CH Energy Group and Central Hudson. CH Energy Group's Consolidated Financial Statements include the accounts of CH Energy Group and its wholly owned subsidiaries, which include Central Hudson and CH Energy Group's non-utility subsidiary, Central Hudson Enterprises Corporation ("CHEC"). Operating results of CHEC in 2011 include its wholly owned subsidiaries, Griffith Energy Services, Inc. ("Griffith") and CH-Greentree, LLC ("CH-Greentree"). Discontinued operations on CH Energy Group's Consolidated Statements of Income include the operating results of CHEC's subsidiaries which were sold in 2011, including Lyonsdale Biomass, LLC ("Lyonsdale") sold on May 1, 2011, Shirley Wind, LLC ("Shirley Wind"), sold on August 11, 2011 and CH-Auburn, LLC ("CH-Auburn") sold on September 16, 2011. The non-controlling interest shown on CH Energy Group's Consolidated Financial Statements represents the minority owner's proportionate share of the income and equity of Shirley Delaware for 2011 and 2010 prior to the sale of this subsidiary and Lyonsdale for 2010 prior to the purchase of the minority owner's interest on October 1, 2010. Inter-company balances and transactions have been eliminated in consolidation. See Note 5 – "Acquisitions, Divestitures and Investments" for further information.

The Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which for regulated public utilities, includes specific accounting guidance for regulated operations. For additional information regarding regulatory accounting, see Note 2 - "Regulatory Matters."

Unaudited Financial Statements

The accompanying Consolidated Financial Statements of CH Energy Group and Financial Statements of Central Hudson are unaudited but, in the opinion of Management, reflect adjustments (which include normal recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These unaudited quarterly Financial Statements do not contain all footnote disclosures concerning accounting policies and other matters which would be included in annual Financial Statements and, accordingly, should be read in conjunction with the audited Financial Statements (including the Notes thereto) included in the combined CH Energy Group/Central Hudson Annual Report on Form 10-K for the year ended December 31, 2010 (the "Corporations' 10-K Annual Report").

CH Energy Group's and Central Hudson's balance sheet as of September 30, 2010 is not required to be included in this Quarterly Report on Form 10-Q; however, this balance sheet is included for supplemental analysis purposes.

Reclassification

Certain amounts in the 2010 Financial Statements have been reclassified to conform to the 2011 presentation. For more information regarding reclassification of discontinued operations, see Note 5 – "Acquisition, Divestitures and Investments."

Consolidation of Variable Interest Entities

CH Energy Group and its subsidiaries do not have any interests in special purpose entities and do not have material affiliations with any variable interest entities which were not consolidated.

Revenue Recognition

CH Energy Group's deferred revenue balances as of September 30, 2011, December 31, 2010 and September 30, 2010 were $3.7 million, $4.7 million and $3.7 million, respectively. The deferred revenue balance will be recognized in CH Energy Group's operating revenues over the 12-month term of the respective customer contract.

As required by the PSC, Central Hudson records gross receipts tax revenues and expenses on a gross income statement presentation basis (i.e., included in both revenue and expenses). Sales and use taxes for both Central Hudson and Griffith are accounted for on a net basis (excluded from revenue).

Fuel, Materials & Supplies

The following is a summary of CH Energy Group's and Central Hudson's inventories (In Thousands):

CH Energy Group

	September 30, 2011	December 31, 2010	September 30, 2010
Natural gas	$ 13,106	$ 10,803	$ 14,153
Petroleum products and propane	2,177	3,831	1,791
Fuel used in electric generation	287	820	832
Materials and supplies	9,960	9,993	10,406
Total	$ 25,530	$ 25,447	$ 27,182

Central Hudson

	September 30, 2011	December 31, 2010	September 30, 2010
Natural gas	$ 13,106	$ 10,803	$ 14,153
Petroleum products and propane	494	519	526
Fuel used in electric generation	287	271	290
Materials and supplies	8,690	8,434	9,436
Total	$ 22,577	$ 20,027	$ 24,405

Depreciation and Amortization

Current accounting guidance related to asset retirements precludes the recognition of expected future retirement obligations as a component of depreciation expense or accumulated depreciation. Central Hudson, however, is required to use depreciation methods and rates approved by the PSC under regulatory accounting. These depreciation rates include a charge for the cost of future removal and retirement of fixed assets. In accordance with current accounting guidance for regulated operations, Central Hudson continues to accrue for the future cost of removal for its rate-regulated natural gas and electric utility assets. In accordance with current accounting guidance related to asset retirements, Central Hudson has classified $52.6 million, $46.9 million, and $47.3 million of cost of removal as regulatory liabilities as of September 30, 2011, December 31, 2010, and September 30, 2010, respectively. This liability represents the portion of the cost of removal charge in excess of the amount reported as an Asset Retirement Obligation under GAAP.

See Note 6 - "Goodwill and Other Intangible Assets" for further discussion of amortization of intangibles (other than goodwill).

Earnings Per Share

In the calculation of earnings per share (basic and diluted) of CH Energy Group's Common Stock, earnings for CH Energy Group are reduced by the Preferred Stock dividends of Central Hudson.

The average dilutive effect of CH Energy Group's stock options, performance shares and restricted shares are as follows (In Shares):

Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
188,177	161,689	187,931	161,689

Certain stock options are excluded from the calculation of diluted earnings per share because the exercise prices of those options were greater than the average market price per share of Common Stock. Options excluded are as follows (In Shares):

Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
-	35,980	-	35,980

For additional information regarding stock options, performance shares and restricted shares, see Note 11 - "Equity-Based Compensation."

Parental Guarantees

CH Energy Group and CHEC have issued guarantees to counterparties to assure the payment, when due, of certain obligations incurred by CH Energy Group subsidiaries, in physical and financial transactions.

(In Thousands)

Transaction Description	September 30, 2011 Maximum Potential Payments	September 30, 2011 Outstanding Liabilities[1]
Heating oil, propane, other petroleum products, weather and commodity hedges	$ 26,250	$ 4,475

(1) Balances included in CH Energy Group's Consolidated Balance Sheet

Management is not aware of any existing condition that would require payment under the guarantees.

Common Stock Dividends

CH Energy Group's ability to pay dividends is affected by the ability of its subsidiaries to pay dividends. The Federal Power Act limits the payment of dividends by Central Hudson to its retained earnings. More restrictive is the PSC's limit on the dividends Central Hudson may pay to CH Energy Group which is 100% of the average annual income available for common stock, calculated on a two-year rolling average basis. Based on this calculation, Central Hudson was restricted to a maximum payment of $38.5 million in dividends to CH Energy Group for the year ended December 31, 2010. Central Hudson's dividend would be reduced to 75% of its average annual income in the event of a downgrade of its senior debt rating below "BBB+" by more than one rating agency if the stated reason for the downgrade is related to any of CH Energy Group's or Central Hudson's affiliates. Further restrictions are imposed for any downgrades below this level. As of September 30, 2011, Central Hudson had declared and paid dividends of $33.0 million to parent CH Energy Group in 2011, of which $11.0 million was paid during the three months ended September 30, 2011. CH Energy Group's other subsidiaries do not have express restrictions on their ability to pay dividends.

On September 23, 2011, the Board of Directors of CH Energy Group declared a quarterly dividend of 55.5 cents per share payable November 1, 2011, to shareholders of record as of October 11, 2011. This dividend is an increase from the previously consistent 54 cents per share declared to shareholders each quarter since 1998.

NOTE 2 – Regulatory Matters

Summary of Regulatory Assets and Liabilities

The following table sets forth Central Hudson's regulatory assets and liabilities (In Thousands):

	September 30, 2011		December 31, 2010	September 30, 2010	
Regulatory Assets (Debits):					
Current:					
Deferred purchased electric and natural gas costs	$ 8,155		$ 30,320	$ 22,558	
Deferred unrealized losses on derivatives	12,778		13,149	35,184	
PSC General and Temporary State Assessment and carrying charges	12,481		9,891	14,258	
RDM and carrying charges	-		3,966	2,484	
Residual natural gas deferred balances	4,554		4,554	4,554	
Deferred debt expense on re-acquired debt	600		624	610	
Deferred and accrued costs - MGP site remediation and carrying charges	4,549		4,488	4,465	
Deferred storm costs and carrying charges	-	(1)	19,985	19,583	
Uncollectible deferral and carrying charges	-	(1)	2,638	2,621	
Other	290		290	290	
	43,407		89,905	106,607	
Long-term:					
Deferred pension costs	121,238		142,647	144,781	(2)
Deferred unrealized losses on derivatives	3,193		11,698	-	
Carrying charges - pension reserve	4,055		1,144	602	(2)
Deferred and accrued costs - MGP site remediation and carrying charges	14,086		5,876	6,817	
Deferred debt expense on re-acquired debt	5,071		5,460	3,888	
Deferred Medicare Subsidy taxes	7,171		6,740	6,570	
Residual natural gas deferred balances and carrying charges	10,810		14,121	15,088	(2)
Income taxes recoverable through future rates	37,716		35,903	38,345	(2)
Deferred storm costs and carrying charges	12,838		-	-	
Other	10,959		9,322	8,261	(2)
	227,137		232,911	224,352	
Total Regulatory Assets	$ 270,544		$ 322,816	$ 330,959	

(1) Central Hudson offset deferred storm costs and incremental bad debt expense and associated carrying charges, in accordance with the PSC prescribed Order issued on April 14, 2011. Additionally, a regulatory liability was established for the future benefit of the customers based on the remaining balance of tax refund after these offsets.

(2) Central Hudson offset all or a portion of certain regulatory assets and liabilities, including full offset of the June 30, 2010 balances for Carrying charges - OPEB reserve, Carrying charges - pension reserve, in accordance with the PSC prescribed 2010 Rate Order ("2010 Rate Order") issued on June 18, 2010.

	September 30, 2011	December 31, 2010	September 30, 2010
Regulatory Liabilities (Credits):			
Current:			
Excess electric depreciation reserve	$ 2,008	$ 7,366	$ 9,122
RDM and carrying charges	3,520	-	-
Income taxes refundable through future rates	4,938	5,128	5,412
Deferred unbilled gas revenues	1,978	6,102	1,927
	12,444	18,596	16,461
Long-term:			
Customer benefit fund	3,139	3,468	3,471
Deferred cost of removal	52,630	46,938	47,346
Rate Base Impact of Tax Repair Project and carrying charges	10,170 (1)	-	-
Excess electric depreciation reserve carrying charges	2,653	4,889	5,722
Income taxes refundable through future rates	24,189	33,820	34,173 (2)
Deferred OPEB costs	12,038	6,976	4,936 (2)
Carrying charges - OPEB reserve	4,379	1,599	780 (2)
Other	13,120	9,079	7,903 (2)
	122,318	106,769	104,331
Total Regulatory Liabilities	$ 134,762	$ 125,365	$ 120,792
Net Regulatory Assets	$ 135,782	$ 197,451	$ 210,167

(1) Central Hudson offset deferred storm costs and incremental bad debt expense and associated carrying charges, in accordance with the PSC prescribed Order issued on April 14, 2011. Additionally, a regulatory liability was established for the future benefit of the customers based on the remaining balance of tax refund after these offsets.

(2) Central Hudson offset all or a portion of certain regulatory assets and liabilities, including full offset of the June 30, 2010 balances for Carrying charges - OPEB reserve, Carrying charges - pension reserve, in accordance with the PSC prescribed 2010 Rate Order ("2010 Rate Order") issued on June 18, 2010.

The significant new regulatory assets and liabilities include:

Storm Costs: In late August 2011, Central Hudson's service territory was affected by Tropical Storm Irene, disrupting service to approximately 180,000 customers. Management believes that the incremental storm restoration costs incurred as of September 30, 2011 associated with electric service restoration efforts of approximately $12.8 million are probable of future recovery from customers. This amount includes significant estimates for mutual aid and tree trimming crews employed during the restoration. Actual amounts may differ from these estimates. Additional costs are expected to be incurred in the fourth quarter related to restoration efforts, including sales tax on invoices paid. These costs will be deferred when incurred.

Management is currently analyzing the storm costs incurred related to gas emergencies as a result of the impacts of Tropical Storm Irene to determine if the costs meet the following requirements for deferral accounting: the expense must be incremental to the amount included in rates, the incremental expense must be material and extraordinary and the company's earnings must be below the authorized rate of return. As of September 30, 2011, approximately $0.6 million have been incurred related to these gas emergencies and additional costs are expected as a result of on-going repairs to damaged infrastructure. These costs have not been deferred as of September 30, 2011 but Management will continue to monitor whether the three requirements for deferral accounting have been met. Central Hudson can not predict the outcome of this analysis as of September 30, 2011.

2010 Rate Order

From July 1, 2010 through June 30, 2013, Central Hudson is operating under the terms of the 2010 Rate Order, which provides for the following:

Description	2010 Rate Order
Electric delivery revenue increases	$11.8 million[(1)] 7/1/10 $9.3 million[(1)] 7/1/11 $9.0 million 7/1/12
Natural gas delivery revenue increases	$5.7 million 7/1/10 $2.4 million 7/1/11 $1.6 million 7/1/12
ROE	10.0%
Earnings sharing	Yes[(2)]
Capital structure – common equity	48%
Targets with true-up provisions - % of revenue requirement to defer for shortfalls	
Net plant balances	100%
Transmission and distribution ROW maintenance	100%
RDMs – electric and natural gas[(3)]	Yes
New deferral accounting for full recovery	
Fixed debt costs	Yes[(4)]
Transmission sag mitigation	Yes
New York State Temporary Assessment	Yes
Material regulatory actions[(5)]	Yes[(5)]
Property taxes – Deferral for 90% of excess/deficiency relative to revenue requirement	Yes[(6)]

(1) Moderated by $12 million and $4 million bill credits, respectively.

(2) ROE > 10.5%, 50% to customers, > 11.0%, 80% to customers, > 11.5%, 90% to customers.

(3) Electric is based on revenue dollars; gas is based on usage per customer.

(4) Deferral authorization in RY2 and RY3 only.

(5) Legislative, governmental or regulatory actions with individual impacts greater than or equal to 2% of net income of the applicable department.

(6) The Company’s pre-tax gain or loss limited to $0.7 million per rate year.

Other PSC Proceedings

On April 14, 2011, the Commission issued an Order authorizing deferral of $18.8 million of the incremental electric storm restoration expense related to the significant storm event in February 2010 and the $2.6 million of incremental bad debt expense and denying deferral of the Company's $2.5 million of incremental electric and gas property tax expense. The PSC also approved the ratemaking treatment proposed by the Company in its petition filed on September 23, 2010. The offsets have been recorded as of March 31, 2011. The remaining balance of the tax refund not subject to offset has been established as a regulatory liability subject to carrying charges for the benefit of customers totaling $9.6 million. On May 13, 2011, Central Hudson filed a Petition for Clarification and Rehearing on the PSC's April 14, 2011 Order. The petition seeks clarification concerning recovery of the costs to achieve and rehearing for reconsideration and recovery of certain costs denied by the Commission, totaling $0.8 million, for deferral accounting treatment proposed by the Company in its September 23, 2010 petition filing related to the incremental electric storm restoration expense for the February 2010 Twin Peaks storm. Central Hudson cannot predict the final outcome of this proceeding.

NOTE 3 - New Accounting Guidance

Newly adopted and soon to be adopted accounting guidance is summarized below, and explanations of the underlying information for all guidance (except that which is not currently applicable) that is expected to have a material impact on CH Energy Group and its subsidiaries.

Impact	Category	Accounting Reference	Title	Issued Date	Effective Date
1	Comprehensive Income (Topic 220)	ASU No. 2011-05	Presentation of Comprehensive Income	Jun-11	Jan-12
1	Fair Value Measurements and Disclosures (Topic 820)	ASU No. 2011-04	Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in US GAAP and IFRS	May-11	Jan-12
1	Intangibles - Goodwill and Other (Topic 350)	ASU No. 2011-08	Testing Goodwill for Impairment	Sep-11	Jan-12

Impact Key:

(1) No anticipated impact on the financial condition, results of operations and cash flows of CH Energy Group and its subsidiaries upon future adoption.

NOTE 4 – Income Tax

In September of 2010, Central Hudson filed a request with the Internal Revenue Service ("IRS") to change the Company's tax accounting method related to costs to repair and maintain utility assets. The change was effective for the tax year ending December 31, 2009. This change allows Central Hudson to take a current tax deduction for a significant amount of repair costs that were previously capitalized for tax purposes.

There are no uncertain tax positions other than that related to the Company's accounting method change; the activity of which is summarized below (In Thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Balance at the beginning of the period	$ 10,934	$ -	$ 11,486	$ -
Adjustment related to tax accounting method change	(1,266)	-	(1,818)	-
Settlement of uncertain tax positions with tax authorities	-	-	-	-
Lapse of statute of limitations related to uncertain tax positions	-	-	-	-
Balance at the end of the period	$ 9,668	$ -	$ 9,668	$ -

Jurisdiction	Tax Years Open for Audit
Federal(1)	2007, 2008, 2009 and 2010
New York State	2007, 2008, 2009 and 2010

(1) Federal tax filings for the years 2007, 2008 and 2009 are currently under audit.

Reconciliation - CH Energy Group

The following is a reconciliation between the amount of federal income tax computed on income before taxes at the statutory rate and the amount reported in CH Energy Group's Consolidated Statement of Income (In Thousands):

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net income attributable to CH Energy Group	$ 8,328	$ 1,779	$ 31,230	$ 28,982
Preferred Stock dividends of Central Hudson	242	242	727	727
Non-controlling interest in subsidiary	-	112	-	(272)
Federal income tax	(524)	(25,743)	153	(30,470)
State income tax	17	(3,291)	289	(4,793)
Deferred federal income tax	1,927	26,694	13,998	47,813
Deferred state income tax	531	1,040	1,104	4,204
Income before taxes	$ 10,521	$ 833	$ 47,501	$ 46,191
Computed federal tax at 35% statutory rate	$ 3,682	$ 292	$ 16,625	$ 16,167
State income tax net of federal tax benefit	623	(1,150)	1,588	872
Depreciation flow-through	757	1,091	2,322	2,400
Cost of Removal	(458)	(369)	(1,373)	(1,104)
Production tax credits	(51)	(70)	(149)	(206)
Federal grant	(2,580)	-	(2,580)	-
Other	(22)	(1,094)	(889)	(1,375)
Total income tax	$ 1,951	$ (1,300)	$ 15,544	$ 16,754
Effective tax rate - federal	13.3 %	114.2 %	29.8 %	37.5 %
Effective tax rate - state	5.2 %	(270.2)%	2.9 %	(1.2)%
Effective tax rate - combined	18.5 %	(156.0)%	32.7 %	36.3 %

The effective rate for the quarter ended September 30, 2011 is impacted by the tax benefit related to federal grants received and the reversal of prior period Production Tax Credits as a result of receiving the grant. The net benefit from state income taxes recognized in the quarter ended September 30, 2010 is due to the true-up of the New York State apportionment rate.

Reconciliation - Central Hudson

The following is a reconciliation between the amount of federal income tax computed on income before taxes at the statutory rate and the amount reported in Central Hudson's Statement of Income (In Thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$ 11,665	$ 9,740	$ 31,676	$ 36,374
Federal income tax	133	(17,698)	348	(21,096)
State income tax	218	(261)	535	(1,129)
Deferred federal income tax	6,739	23,375	18,020	42,769
Deferred state income tax	763	895	1,955	3,581
Income before taxes	$ 19,518	$ 16,051	$ 52,534	$ 60,499
Computed federal tax at 35% statutory rate	$ 6,831	$ 5,618	$ 18,387	$ 21,175
State income tax net of federal tax benefit	905	725	2,303	2,846
Depreciation flow-through	757	1,091	2,322	2,400
Cost of Removal	(458)	(369)	(1,373)	(1,104)
Other	(182)	(754)	(781)	(1,192)
Total income tax	$ 7,853	$ 6,311	$ 20,858	$ 24,125
Effective tax rate - federal	35.2%	35.4%	35.0%	35.8%
Effective tax rate - state	5.0%	3.9%	4.7%	4.1%
Effective tax rate - combined	40.2%	39.3%	39.7%	39.9%

NOTE 5 – Acquisitions, Divestitures and Investments

Acquisitions

During the nine months ended September 30, 2011, Griffith acquired fuel distribution companies as follows (Dollars in Thousands):

Quarter Ended	# of Acquired Companies	Purchase Price	Total Intangible Assets(1)	Goodwill	Total Tangible Assets
March 31, 2011	2	$ 1,961	$ 1,936	$ 515	$ 25
June 30, 2011	-	-	-	-	-
September 30, 2011	1	305	270	83	37
Total	3	$ 2,266	$ 2,206	$ 598	$ 62

(1) Including goodwill.

Amortizable intangible assets acquired in the current year consist of customer relationships, which will be amortized over a 15-year period, and covenants not to compete, which will be amortized over a 5-year period. The weighted average amortization period of amortizable intangible assets acquired in the current year is 14 years.

Divestitures

In the first quarter of 2011, Griffith reduced its environmental reserve by $0.6 million based on the completion of an environmental study. The reserve adjustment related to the 2009 divestiture of operations in certain geographic locations. In the second quarter of 2011, Griffith recorded an expense adjustment of $0.1 million relating to divested operations. As such, income of $0.3 million, net of tax, has been reflected in income from discontinued operations in the CH Energy Group Consolidated Income Statement for the nine months ended September 30, 2011.

During 2011, CHEC divested three of its renewable energy investments, as follows:

- On May 1, 2011, the sale of Lyonsdale, which owns a wood-burning electric generating facility in Lyons Falls, New York, was completed.
- On August 11, 2011, the sale of Shirley Wind, which owns a wind project in Glenmore, Wisconsin, was completed.
- On September 16, 2011, the sale of CH-Auburn, which owns an electric generating plant that utilizes methane gas generated by the City of Auburn, New York landfill, was completed.

The results of operations of Lyonsdale, Shirley Wind and CH-Auburn for current and prior periods are presented in discontinued operations in the CH Energy Group Consolidated Statement of Income. Management has elected to include cash flows from discontinued operations of Lyonsdale, Shirley Wind and CH-Auburn with those from continuing operations in the CH Energy Group Consolidated Statement of Cash Flows. The details of each of the sales transactions by investment are as follows (In Thousands):

	CH-Auburn	Shirley Wind	Lyonsdale
Assets			
Current Assets	$ 174	$ 623	$ 2,099
Other Assets	-	461	-
Property, Plant and Equipment			
Property, plant and equipment	4,667	32,564	10,670
Less: Accumulated depreciation	626	657	4,191
Total property, plant and equipment, net	4,041	31,907	6,479
Assets sold	$ 4,215	$ 32,991	$ 8,578
Liabilities			
Current Liabilities	$ 85	$ 6	$ 322
Other Liabilities	1,736	-	-
Liabilities sold	$ 1,821	$ 6	$ 322
Net Assets Sold	$ 2,394	$ 32,985	$ 8,256
Net Proceeds from Sale	$ 3,676	$ 33,100	$ 7,700
Pre-tax gain (loss) on sales transaction (1)	$ 1,282	$ 115	$ (556)
Tax Benefit of Federal Grant Received(2)	$ 277	$ 2,303	$ -
Net Increase (Decrease) to Earnings	$ 1,033	$ 2,371	$ (328)

(1) Included in the Gain from the sale of discontinued operations line of the CH Energy Group Consolidated Income Statement
(2) Included in the Income tax (benefit) expense from discontinued operations line of the CH Energy Group Consolidated Income Statement

Proceeds from the sale of these investments were used primarily for the repurchase of outstanding Common Stock of CH Energy Group. Additionally, a portion of the proceeds from the sale of Shirley Wind were used to pay down private placement debt at CH Energy Group Holding Company, which provided corporate financing for the construction of this project. See Note 9 – "Capitalization – Long-Term Debt" for further details regarding the repayment of debt.

The remaining three investments in renewable energy as of September 30, 2011, Cornhusker, CH-Community Wind and CH-Greentree, are not considered a part of the core business, however, Management intends to hold these investments at this time. The value of CHEC's investment in Cornhusker is zero as of September 30, 2011.

Based on preliminary market analysis and updated operating forecasts related to CH-Community Wind, CHEC's 50% equity interest in a joint venture that owns an 18% interest in two operating wind projects, Management performed an impairment test related to this investment. Based on the present value of the projected cash flow, using a market participant's expected return, Management has concluded the fair value of the investment is zero and as such has recorded an impairment loss for the full value of the investment as of September 30, 2011.

CHEC's $4.7 million investment in CH-Greentree, a 100% equity interest in a molecular gate used to remove nitrogen from landfill gas, generates revenues from the lease of the gate to the landfill project owner. Currently, the project is current on all of its lease payments to CH-Greentree. Due to the effects of the economic slowdown, less municipal solid waste is being delivered to the landfill, and along with sludge from hydraulic fracturing which is being delivered, less gas is being produced and sold. In response to these operational challenges, the project is seeking to renegotiate its current debt obligations to improve its future cash flows in order to continue to meet its financial obligations. The project owner is in the process of trying to renegotiate the terms of its outstanding debt to improve the project's financial situation. If the project is no longer able to meet its lease obligations to CH-Greentree, Management has certain remedies available, including removing the molecular gate, seeking an alternative landfill, or selling the molecular gate. Management will continue to monitor this matter.

The table below provides additional detail of the financial results of the discontinued operations (In Thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues from discontinued operations	$ 812	$ 3,064	$ 5,755	$ 7,698
Income (loss) from discontinued operations before tax	(10)	393	1,149	(1,167)
Gain from sale of discontinued operations	2,070	-	841	-
Income tax (benefit) expense from discontinued operations	(1,599)	60	(1,669)	(524)

Investments

The value of CHEC's investments as of September 30, 2011 are as follows (In Thousands):

CHEC Investment	Description	Intercompany Debt	Equity Investment	Total
Griffith Energy Services	100% controlling interest in a fuel distribution business	$ 28,600	$ 34,596	$ 63,196
CH-Greentree	100% equity interest in a molecular gate used to remove nitrogen from landfill gas	-	4,750	4,750
Cornhusker Holdings	12% equity interest plus subordinated debt investment in an operating corn-ethanol plant	-	-	-
CH-Community Wind	50% equity interest in a joint venture that owns 18% interest in two operating wind projects	-	-	-
Other	Other renewable energy projects and partnerships and an energy sector venture capital fund	-	3,111	3,111
		$ 28,600	$ 42,457	$ 71,057

NOTE 6 – Goodwill and Other Intangible Assets

The components of amortizable intangible assets of CH Energy Group are summarized as follows (In Thousands):

	September 30, 2011		December 31, 2010		September 30, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 35,516	$ 22,978	$ 34,063	$ 21,214	$ 34,053	$ 20,646
Covenants not to compete	267	123	113	95	114	90
Total Amortizable Intangibles	$ 35,783	$ 23,101	$ 34,176	$ 21,309	$ 34,167	$ 20,736

(In Thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Amortization Expense	$ 598	$ 567	$ 1,792	$ 1,704

The estimated annual amortization expense for each of the next five years, assuming no new acquisitions or divestitures, is approximately $2.0 million.

NOTE 7 – Short-Term Borrowing Arrangements

CH Energy Group and Central Hudson borrowings under revolving credit facilities are as follows (In Thousands):

	September 30, 2011	December 31, 2010	September 30, 2010
CH Energy Group Holding Company Short-term borrowings	$ 5,000	$ -	$ -
Central Hudson Short-term borrowings	-	-	-
Total CH Energy Group	$ 5,000	$ -	$ -

At September 30, 2011, the corresponding weighted average effective interest rate for the short-term borrowings was 0.56%.

NOTE 8 – Capitalization – Common and Preferred Stock

For a schedule of activity related to common stock, paid-in capital and capital stock, see the Consolidated Statement of Equity for CH Energy Group and Central Hudson.

Effective July 31, 2007, CH Energy Group's Board of Directors extended and amended the Common Stock Repurchase Program of the Company (the "Repurchase Program"), which was originally authorized in 2002. As amended, the Repurchase Program authorized the repurchase of up to 2,000,000 shares (excluding shares repurchased before July 31, 2007) or approximately 13% of CH Energy Group's outstanding Common Stock, from time to time, through July 31, 2012. As of September 30, 2011, CH Energy Group had purchased 948,676 shares under the Repurchase Program, of which 554,017 shares were purchased during the three months ended September 30, 2011.

As part of this Repurchase Program, on August 16, 2011, CH Energy Group implemented an accelerated share repurchase program ("ASR") providing for the repurchase by CH Energy Group of a number of shares with a value as of the date of the agreement of $30 million. CH Energy Group paid $30 million and received 554,017 shares on August 17, 2011, which represented 100% of the total number of shares CH Energy Group would receive if the price per share of the Common Stock remained at the closing price on August 16, 2011 of $54.15 per share throughout the remainder of the calculation period under the program, which is expected to end no later than May 16, 2012 (but may be earlier terminated by the agent under certain circumstances).

The actual number of shares of Common Stock that CH Energy Group will repurchase under the ASR will be determined at the end of the calculation period based on the difference between the $30 million contract amount and an amount determined by multiplying a discounted daily volume-weighted average price of CH Energy Group's Common Stock over the calculation period by the number of shares initially purchased. The actual number of shares CH Energy Group will repurchase under the ASR is subject to collar provisions that establish a minimum and maximum number of shares to be repurchased and certain other adjustments. If the actual number of shares to be delivered under the program exceeds the number of shares initially delivered by the agent to CH Energy Group, following the end of the calculation period the agent will be required to deliver to CH Energy Group a number of additional shares equal to the excess. If the actual number of shares to be delivered under the program is less than the number of shares initially delivered by the agent to CH Energy Group, then following the end of the calculation period CH Energy Group will be required, at its election, to either deliver to the agent a number of shares of Common Stock approximately equal to the difference or pay to the agent cash in an amount equal to the value of such shares. CH Energy Group controls the form of settlement of any obligation resulting from the ASR and in all cases may elect to deliver its Common Stock at settlement, except in the presence of a liquidating event or default or termination event. CH Energy Group has sufficient authorized and unissued shares available to settle the contract based on the current CH Energy Group stock price and after considering all other commitments that may require the issuance of stock during the maximum calculation period. Additionally, the ASR permits settlement in unregistered shares and further specifies that CH Energy Group cannot be required to deliver more than the shares available at the time but must use its best efforts to authorize, issue and deliver additional shares if necessary to satisfy its obligations under the contract. Accordingly, and in accordance with current accounting guidance, this transaction has been accounted for as an equity transaction.

Subsequent to September 30, 2011, no additional shares have been purchased under the Repurchase Program. CH Energy Group does not intend to purchase additional shares under the Program during the remainder of 2011. CH Energy Group intends to set repurchase targets, if any, from time to time based on then prevailing circumstances. The shares repurchased by CH Energy Group have not been retired or cancelled, and the repurchases accordingly have been presented as an increase to treasury stock in CH Energy Group's Consolidated Balance Sheet.

Effective July 1, 2011, employer matching contributions to an eligible employee's Savings Incentive Plan ("SIP") will be paid in either cash or in CH Energy Group Common Stock. During the third quarter of 2011, CH Energy Group began making employer matching contributions to the SIP with the issuance of treasury shares. As of September 30, 2011, 8,210 shares were issued from treasury related to the employer matching contribution. Management expects employer matching contributions to be approximately 48,000 shares per year.

There were no repurchases of preferred stock in the three and nine months ended September 30, 2011 and 2010.

As of September 30, 2011, Central Hudson had made $33.0 million in dividend payments in 2011 to parent CH Energy Group, of which $11.0 million was paid during the three months ended September 30, 2011.

NOTE 9 – Capitalization – Long-Term Debt

On September 30, 2011, Central Hudson issued $33.4 million of its Series G registered unsecured Medium Term Notes in two maturities. The first maturity bears interest at the rate of 3.378% per annum on a principal amount of $23.4 million and matures on April 1, 2022. The second maturity bears interest at the rate of 4.707% per annum on a principal amount of $10.0 million and matures on April 1, 2042. On September 29, 2011, a notice of redemption was provided to NYSERDA and as such, the 1999 Series A bonds are shown as current maturities of long-term debt in the Central Hudson and CH Energy Group Consolidated Balance Sheets. In November 2011, Central Hudson used the proceeds from the sale of the notes for redeeming its 1999 Series A NYSERDA Bonds in the principal amount of $33.4 million bearing interest at the rate of 5.45%. No bonds of this 1999 Series A remained outstanding following the redemption.

In September 2011, following the sale of Shirley Wind, CH Energy Group paid down $20 million of its 2009 Series A private placement debt with a portion of the proceeds from the sale. As a result, a prepayment penalty was incurred of approximately $3.0 million, which has been included in Penalty for early retirement of debt on the CH Energy Group Consolidated Statement of Income.

NYSERDA

Central Hudson's Series B NYSERDA Bonds total $33.7 million at September 30, 2011. These bonds are tax-exempt multi-modal bonds that are currently in a variable rate mode. In its Orders, the PSC has authorized deferral accounting treatment for variations in the interest costs from these bonds. As such, variations between the actual interest rates on these bonds and the interest rate included in the current delivery rate structure for these bonds are deferred for future recovery from or refund to customers. As a result, variations in these interest rates do not have any impact on earnings.

To mitigate the potential cash flow impact from unexpected increases in short-term interest rates on Series B Bonds, Central Hudson purchased an interest rate cap based on an index of short-term tax-exempt debt. The rate cap is two years in length with a notional amount aligned with Series B and will expire on April 1, 2012. The cap is based on the monthly weighted average of an index of tax-exempt variable rate debt, multiplied by 175%. Central Hudson would receive a payout if the adjusted index exceeds 5.0% for a given month. As of September 30, 2011, no payout is expected and as such the fair value of this instrument is zero.

Central Hudson is currently evaluating what actions, if any, it may take in the future in connection with its Series B NYSERDA Bonds. Potential actions may include converting the debt to another interest rate mode or refinancing with taxable bonds.

NOTE 10 – Post-Employment Benefits

Central Hudson provides certain health care and life insurance benefits for retired employees through its post-retirement benefit plans. Central Hudson pension benefits include a Retirement Income Plan and a non-qualified Supplemental Executive Retirement Plan ("SERP").

In its Orders, the PSC has authorized deferral accounting treatment for any variations between actual pension and OPEB expense and the amount included in the current delivery rate structure. As a result, post-retirement benefit plans at Central Hudson do not have any impact on earnings. The following information is provided in accordance with current accounting requirements.

The following are the components of Central Hudson's net periodic benefit costs for its pension and other post-employment benefit ("OPEB") plans for the three and nine months ended September 30, 2011 and 2010 (In Thousands):

	Pension Benefits		OPEB(1)	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2011	2010	2011	2010
Service cost	$ 2,448	$ 2,272	$ 657	$ 531
Interest cost	6,537	6,571	1,723	1,712
Expected return on plan assets	(6,860)	(6,225)	(1,748)	(1,267)
Amortization of:				
Prior service cost (credit)	536	544	(1,467)	(1,467)
Transitional obligation (asset)	-	-	641	641
Recognized actuarial loss	6,523	7,377	2,227	2,073
Net Periodic Benefit Cost	$ 9,184	$ 10,539	$ 2,033	$ 2,223

	Pension Benefits		OPEB(1)	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Service cost	$ 7,345	$ 6,816	$ 2,003	$ 1,593
Interest cost	19,611	19,713	5,187	5,136
Expected return on plan assets	(20,580)	(18,675)	(5,170)	(3,801)
Amortization of:				
Prior service cost (credit)	1,608	1,632	(4,399)	(4,401)
Transitional obligation (asset)	-	-	1,924	1,923
Recognized actuarial loss	19,569	22,131	7,603	6,219
Net Periodic Benefit Cost	$ 27,553	$ 31,617	$ 7,148	$ 6,669

(1) The OPEB amounts for all periods presented reflect the effect of the Medicare Prescription Drug Improvement and Modernization Act of 2003.

The balance of Central Hudson's accrued pension costs (i.e., the under-funded status) is as follows (In Thousands):

	September 30, 2011	December 31, 2010	September 30, 2010
Accrued pension costs	$ 77,065	$ 103,227	$ 128,979

These balances include the difference between the projected benefit obligation ("PBO") for pensions and the market value of the pension assets, and the liability for the non-qualified SERP.

The following reflects the impact of the recording of funding status adjustments on the Balance Sheets of CH Energy Group and Central Hudson (In Thousands):

	September 30, 2011	December 31, 2010	September 30, 2010
Prefunded pension costs prior to funding status adjustment	$ 39,291	$ 34,307	$ 11,900
Additional liability required	(116,356)	(137,534)	(140,879)
Total accrued pension costs	$ (77,065)	$ (103,227)	$ (128,979)
Total offset to additional liability - Regulatory assets - Pension Plan	$ 116,356	$ 137,534	$ 140,879

Gains or losses and prior service costs or credits that arise during the period but that are not recognized as components of net periodic pension cost would typically be recognized as a component of other comprehensive income, net of tax. However, Central Hudson has PSC approval to record regulatory assets rather than adjusting comprehensive income to offset the additional liability.

Contributions for the nine months ended September 30, 2011, and 2010 were as follows (In Thousands):

	Retirement Income Plan		OPEB	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Contributions	$ 32,028	$ 31,400	$ 1,184	$ 4,275

Contribution levels for the Retirement Income Plan and OPEB plans are determined by various factors including the discount rate, expected return on plan assets, benefit changes, and corporate resources. In addition, OPEB plan contribution levels are also impacted by medical claims assumptions used and mortality assumptions used.

Retirement Plan Policy and Strategy

Central Hudson's Retirement Plan investment policy seeks to achieve long-term growth and income to match the long-term nature of its funding obligations. During the first quarter of 2010, Management began a transition to a long-duration investment ("LDI") strategy for its pension plan assets. Management's objective is to minimize the plan's funded status volatility and the level of contributions by more closely aligning the characteristics of plan assets with liabilities.

Asset allocation targets in effect as of September 30, 2011 as well as actual asset allocations as of September 30, 2011 and December 31, 2010, expressed as a percentage of the market value of the Retirement Plan's assets, are summarized in the table below:

Asset Class	December 31, 2010	Minimum	Target Average	Maximum	September 30, 2011
Equity Securities	54.8%	46%	51%	56%	39.4%
Debt Securities	44.0%	44%	49%	54%	60.1%
Alternative Investments(1)	-%	-%	-%	5%	-%
Other(2)	1.2%	-%	-%	-%	0.5%

(1) Includes Real Estate
(2) Consists of temporary cash investments

The above current asset allocations are the result of the transition to an LDI strategy to achieve an asset allocation of approximately 50% equity and 50% long duration fixed income assets by year-end compounded by recent market activity. A reduction in interest rates has made the long duration bonds held in debt securities more valuable and the recent decrease in stock price performance in the third quarter of 2011 has reduced the value of the pension plan's equity investments. As noted in the above chart, the resulting September 30, 2011 asset allocations are outside of the target minimum for equity and maximum for debt. Due to market value fluctuations, Retirement Plan assets will require rebalancing from time-to-time to maintain the target asset allocation. Management is currently monitoring on-going market activity and the impact on the pension plan asset allocations to determine if a rebalancing will be necessary.

Central Hudson cannot assure that the Retirement Plan's return objectives or funded status objectives will be achieved.

NOTE 11 – Equity-Based Compensation

CH Energy Group has adopted the CH Energy Group, Inc. 2011 Long-Term Equity Incentive Plan (the "2011 Plan") to replace the CH Energy Group, Inc. 2006 Long-Term Equity Incentive Plan (the "2006 Plan"). The 2011 Plan was approved by shareholders on April 26, 2011. The 2006 Plan has been terminated, with no new awards to be granted under such plan. Outstanding awards granted under the 2006 Plan will continue in accordance with their terms and the provisions of the 2006 Plan.

The 2011 Plan reserves for awards to be granted up to a maximum of 400,000 shares of Common Stock plus any shares remaining available under the 2006 Plan as of April 26, 2011 and any shares that are subject to awards granted under the 2006 Plan that are forfeited, cancelled, surrendered or otherwise terminated without the issuance of shares on or after that date. Awards may consist of incentive stock options, nonqualified stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, dividend equivalents and other awards that CH Energy Group may authorize.

The 2011 Plan will continue in effect until February 9, 2021, unless sooner terminated by the Board of Directors. Termination will not affect grants and awards then outstanding.

Performance Shares

A summary of the status of outstanding performance shares granted to executives under the 2006 Plan is as follows:

Grant Date	Grant Date Fair Value	Performance Shares Granted	Performance Shares Outstanding at September 30, 2011
January 26, 2009	$ 49.29	36,730	28,060
February 8, 2010	$ 38.62	48,740	43,220
February 7, 2011	$ 49.77	40,320	40,320

The ultimate number of shares earned under the awards is based on metrics established by the Compensation Committee at the beginning of the award cycle. Compensation expense is recorded as performance shares are earned over the relevant three-year life of the performance share grant prior to its award. The portion of the compensation expense related to an employee who retires during the performance period is the amount recognized up to the date of retirement.

Due to the retirement of one of Central Hudson's executive officers on January 1, 2011, a pro-rated number of shares under the January 26, 2009 and February 8, 2010 grants were paid to this individual on July 6, 2011. For the pro-rata payout, 2,374 shares were issued from CH Energy Group's treasury stock on this date in satisfaction of these awards.

Restricted Shares and Restricted Stock Units

The following table summarizes information concerning restricted shares and stock units outstanding as of September 30, 2011:

Grant Date	Type of Award	Shares or Stock Units Granted	Grant Date Fair Value	Vesting Terms	Unvested Shares Outstanding at September 30, 2011
January 26, 2009	Shares	2,930	$ 49.29	End of 3 years	2,320 (1)
October 1, 2009	Shares	14,375	$ 43.86	Ratably over 5 years	11,500
November 20, 2009	Stock Units	13,900	$ 41.43	1/3 each year in Years 5, 6 and 7	13,900
February 8, 2010	Shares	3,060	$ 38.62	End of 3 years	2,655 (2)
February 10, 2010	Shares	5,200	$ 38.89	End of 3 years	5,200
November 15, 2010	Shares	3,000	$ 46.53	Ratably over 3 years	3,000
February 7, 2011	Shares	1,500	$ 49.77	1/3 each year in Years 3, 4 and 5	1,500
February 7, 2011	Shares	2,230	$ 49.77	End of 3 years	2,230

(1) The vesting of 250 shares was accelerated upon a change in control for an individual resulting from the sale of certain assets of Griffith and the vesting of 360 shares was accelerated as approved by the Board of Directors.

(2) The vesting of 405 shares was accelerated as approved by the Board of Directors.

Compensation Expense

The following table summarizes expense for equity-based compensation by award type for the three and nine months ended September 30, 2011 and 2010 (In Thousands):

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Performance shares	$ 659	$ 794	$ 2,213	$ 1,547
Restricted shares and stock units	$ 116	$ 133	$ 334	$ 398
Recognized tax benefit of restricted shares and stock units	$ 43	$ 50	$ 127	$ 150

Compensation expense for performance shares is recognized over the three year performance period based on the fair value of the awards at the end of each reporting period and the time elapsed within each grant's performance period. Compensation expense for restricted shares and stock options is recognized over the defined vesting periods based on the grant date fair value of the awards.

NOTE 12 – Commitments and Contingencies

Electricity Purchase Commitments

On March 6, 2007, Central Hudson entered into an agreement with Entergy Nuclear Power Marketing, LLC to purchase electricity (but not capacity) on a unit-contingent basis at defined prices from January 1, 2008 through December 31, 2010. During this period, the electricity purchased through this Entergy contract represented approximately 23% of Central Hudson’s full-service customer requirements on an annual basis. For the nine months ended September 30, 2010, energy supplied under this agreement cost approximately $41.9 million. On June 30, 2010 and September 9, 2010, Central Hudson entered into additional agreements with Entergy Nuclear Power Marketing, LLC to purchase electricity on a unit-contingent basis at defined prices from January 1, 2011 through December 31, 2013. The electricity purchased under these current contracts with Entergy is generated from the Indian Point and FitzPatrick nuclear power facilities and is estimated to represent approximately 13% of Central Hudson’s full-service customer requirements on an annual basis. For the nine months ended September 30, 2011, energy supplied under this agreement cost approximately $14.7 million.

In the event the above noted counterparty is unable to fulfill its commitment to deliver under the terms of the agreements, Central Hudson would obtain the supply from the NYISO market, and under Central Hudson's current ratemaking treatment, recover the full cost from customers. As such, there would be no impact on earnings.

Central Hudson must also acquire sufficient peak load capacity to meet the peak load requirements of its full service customers. This capacity is made up of contracts with capacity providers, purchases from the NYISO capacity market and its own generating capacity.

Environmental Matters

Central Hudson

- Air

In October 1999, Central Hudson was informed by the New York State Attorney General ("Attorney General") that the Danskammer Point Steam Electric Generating Station ("Danskammer Plant") was included in an investigation by the Attorney General's Office into the compliance of eight older New York State coal-fired power plants with federal and state air emissions rules. Specifically, the Attorney General alleged that Central Hudson "may have constructed, and continues to operate, major modifications to the Danskammer Plant without obtaining certain requisite preconstruction permits." In March 2000, the Environmental Protection Agency ("EPA") assumed responsibility for the investigation. Central Hudson has completed its production of documents requested by the Attorney General, the New York State Department of Environmental Conservation ("DEC"), and the EPA, and believes any permits required for these projects were obtained in a timely manner. Central Hudson sold the Danskammer Plant on January 30, 2001. In March 2009, Dynegy notified Central Hudson that Dynegy had received an information request pursuant to the Clean Air Act from the EPA for the Danskammer Plant covering the period beginning January 2000 to present. At that time, Dynegy also submitted to Central Hudson a demand for indemnification for any fines, penalties or other losses that may be incurred by Dynegy arising from the period that Central Hudson owned the Danskammer Plant. While Central Hudson could have retained liability after the sale, depending on the type of remedy, Central Hudson believes that the statutes of limitation relating to any alleged violation of air emissions rules have lapsed.

- Former Manufactured Gas Plant Facilities

Central Hudson and its predecessors owned and operated manufactured gas plants (“MGPs”) to serve their customers’ heating and lighting needs. MGPs manufactured gas from coal and oil. This process produced certain by-products that may pose risks to human health and the environment.

The New York State Department of Environmental Conservation (“DEC”), which regulates the timing and extent of remediation of MGP sites in New York State, has notified Central Hudson that it believes Central Hudson or its predecessors at one time owned and/or operated MGPs at seven sites in Central Hudson’s franchise territory. The DEC has further requested that Central Hudson investigate and, if necessary, remediate these sites under a Consent Order, Voluntary Cleanup Agreement, or Brownfield Cleanup Agreement. The DEC has placed all seven of these sites on the New York State Environmental Site Remediation Database. As authorized by the PSC, Central Hudson is currently permitted to defer for future recovery the differences between actual costs for MGP site investigation and remediation and the associated rate allowances, with carrying charges to be accrued on the deferred balances at the authorized pre-tax rate of return.

The status of the seven MGP sites are as follows:

Site	Status
#1 Beacon, NY	Remediation work complete. Final Report approved by the DEC. A revised Site Management Plan ("SMP") was submitted by Central Hudson to the DEC on September 20, 2010. The Deed Restriction has been sent to Metropolitan Transportation Authority ("MTA") for signature and final execution. Central Hudson received a copy of the executed Deed Restriction dated July 15, 2011. This should be the final step in completing the SMP for this site.
#2 Newburgh, NY	The DEC has approved the Construction Completion Report ("CCR") for the remediation that was completed at Area A of the site. Remediation for the other two areas at the site, Areas B and C, was completed in December 2010. The remaining site restoration work was completed in the spring of 2011. Central Hudson has prepared a draft SMP that was submitted to DEC on June 13, 2011. Central Hudson has prepared a draft Final Engineering Report ("FER"), which was submitted to the DEC on June 17, 2011.

Site	Status
#3 Laurel Street Poughkeepsie, NY	Remediation work is complete. The CCR was approved by the DEC. As requested by the DEC, fifteen additional monitoring wells were installed and the last of the four quarterly groundwater sampling events was conducted in January 2011. Central Hudson submitted a letter work plan for additional site investigation work, as required by the DEC, which was subsequently approved by the DEC. Associated with the approved work plan, a total of nine additional down gradient monitoring wells were installed between August 22 and September 16, 2011. Quarterly groundwater sampling will resume in October 2011.
#4 North Water Street Poughkeepsie, NY	As requested by the DEC, additional land and river investigations were conducted and completed. Central Hudson has submitted a Remedial Investigation ("RI") Report which was sent to and approved by the DEC. Central Hudson is currently defining the areas where further investigations as part of the Remedial Alternative Analyses ("RAA") will be required. This additional fieldwork is anticipated to be completed during the 2011 field season.
#5 Kingston, NY	Central Hudson is continuing the RI work at this site. Central Hudson is currently involved in legal proceedings seeking to obtain judicial authorization to have certain obstacles removed. This resulted in a decision and order granting Central Hudson's motion for summary judgment against the owner to remove the 'Dry Dock' within 30 days and, if he fails to do so, gives Central Hudson the right to remove the same and submit a judgment for the cost of removal. The 30-day period has expired with no action taken by the owner.
#6 Catskill, NY	A revised RAA Report was submitted by Central Hudson and the final Decision Document was received from DEC on July 11, 2011.
#7 Bayeaux Street Poughkeepsie, NY	No further investigation or remedial action is currently required, however per the DEC this site still remains on the list for potential future investigation.

In the second quarter of 2008, Central Hudson updated the cost model analysis of possible remediation and future operating, maintenance, and monitoring costs for sites #2, 3, 4, 5 and 6. This cost model indicated that the potential future cost exposure for the five sites could range from amounts currently accrued up to $166 million over the next 30 years. Information for sites #2 through #6 are detailed in the chart below (In Thousands):

Site #	2008 Total Cost Estimate	Liability Recorded as of 12/31/10	Amounts Spent in 2011[3]	Liability Adjustment	Liability Recorded as of 9/30/11	Current Portion of Liability at 9/30/11	Long-Term Portion of Liability at 9/30/11
2, 3[1]	$ 44,700	$ 1,766	$ 698	$ 6,440	$ 7,508	$ 518	$ 6,990
4, 5, 6[2]	121,000	1,479	262	6,310	7,527	4,034	3,493
	$ 165,700	$ 3,245	$ 960	$ 12,750	$ 15,035	$ 4,552	$ 10,483

(1) The estimates for sites #2 and 3 are currently based on the actual completed or contracted remediation costs. However, these estimates are subject to change. The estimated liability recorded for sites #2 and 3 are based on estimates of remediation costs for the proposed clean-up plans.

(2) No amounts have been recorded in connection with physical remediation for sites #4, 5 and 6. Absent DEC-approved remediation plans, Management cannot reasonably estimate what cost, if any, will actually be incurred. The estimated liability for sites #4, 5 and 6 are based on the latest forecast of activities at these sites in connection with preliminary investigations, site testing and development of remediation plans for these sites. For additional discussion of estimates, see paragraphs below.

(3) Amounts spent in 2011 as shown above do not include legal fees of approximately $8 thousand.

The potential future cost exposure for sites #4, 5 and 6 was based on partially completed remedial investigations and current DEC and NYS Department of Health ("NYSDOH") preferences related to site remediation, and are considered conceptual and preliminary. The cost model involves assumptions relating to investigation expenses, remediation costs, potential future liabilities, and post-remedial operating, maintenance and monitoring costs, and is based on a variety of factors including projections regarding the amount and extent of contamination, the location, size and use of the sites, proximity to sensitive resources, status of regulatory investigations, and information regarding remediation activities at other MGP sites in New York State. The cost model also assumes that proposed or anticipated remediation techniques are technically feasible and that proposed remediation plans receive DEC and NYSDOH approval. Currently, Central Hudson is in the process of reviewing and updating its cost model analysis of potential future cost exposure. The updated cost model could be materially different from the previous cost model based on revised assumptions, preliminary results of investigations in process at some of the sites, changes in technology relating to alternatives and changes to current laws and regulations.

Central Hudson has accrued for estimated investigation costs and remedial design costs for those sites still in the investigation phase. Upon completion of the investigation phase and the filing of results with the DEC, Central Hudson accrues for estimated remediation costs based on DEC approved methods, including an estimate of post-remediation operation, maintenance and monitoring costs. Amounts are subject to change based on current investigations, final remedial design (and associated engineering estimates), DEC and NYSDOH comments and requests, remedial design changes/negotiations, and changed or unforeseen conditions during the remediation or additional requirements following the remediation.

Central Hudson spent $0.3 million and $1.0 million for the three and nine months ended September 30, 2011, related to site investigation and remediation for sites #2, 3, 4, 5 and 6. On July 1, 2007, Central Hudson started recovering through a rate allowance for MGP Site Investigation and Remediation Costs. The 2010 Rate Order provided for an increase in this rate allowance to an amount of $13.6 million over the three year settlement period ending June 30, 2013. As authorized in the 2009 Rate Order, Central Hudson also received deferral authority and subsequent recovery for amounts spent over the rate allowance from a net electric regulatory liability balance during the three year settlement period ending June 30, 2010. The total MGP Site Investigation and Remediation costs recovered through rates from July 1, 2007 through September 30, 2011 was approximately $18.8 million, with $1.1 million recovered in the three months ended September 30, 2011 and $3.6 million recovered in the nine months ended September 30, 2011.

Central Hudson has put its insurers on notice and intends to seek reimbursement from its insurers for the costs of any liabilities. Certain of these insurers have denied coverage. In addition to the amounts noted above, Central Hudson recovered approximately $1.6 million from insurance in 2011.

Future remediation activities, including operating, maintenance and monitoring and related costs may vary significantly from the assumptions used in Central Hudson's current cost estimates, and these costs could have a material adverse effect (the extent of which cannot be reasonably determined) on the financial condition, results of operations and cash flows of CH Energy Group and Central Hudson if Central Hudson were unable to recover all or a substantial portion of these costs via collection in rates from customers and/or through insurance.

- Little Britain Road property owned by Central Hudson

In 2000, Central Hudson and the DEC entered into a Voluntary Cleanup Agreement (“VCA”) whereby Central Hudson removed approximately 3,100 tons of soil and conducted groundwater sampling. Central Hudson believes that it has fulfilled its obligations under the VCA and should receive the release provided for in the VCA, but the DEC has proposed that additional ground water work be done to address groundwater sampling results that showed the presence of certain contaminants at levels exceeding DEC criteria. Central Hudson believes that such work is not necessary and has completed a soil vapor intrusion study showing that indoor air at the facility met Occupational Safety and Health Administration (“OSHA”) and NYSDOH standards; in addition, in 2008, it also installed an indoor air vapor mitigation system (that continues to operate).

In September 2010, NYSDEC personnel orally advised that Central Hudson would likely receive a letter from the NYSDEC proposing closure of the VCA, and inclusion of the site into the Brownfield Cleanup Program (“BCP”). To date that letter has not been received.

At this time Central Hudson does not have sufficient information to estimate the need for additional remediation or potential remediation costs. Central Hudson has put its insurers on notice regarding this matter and intends to seek reimbursement from its insurers for amounts, if any, for which it may become liable. Central Hudson cannot predict the outcome of this matter.

- Eltings Corners

Central Hudson owns and operates a maintenance and warehouse facility located in Lloyd, NY. In the course of Central Hudson's recent hazardous waste permit renewal process for this facility, sediment contamination was discovered within the wetland area across the street from the main property. In cooperation with NYSDEC, Central Hudson continues to investigate the nature and extent of the contamination. The extent of the contamination, as well as the timing and costs for continued investigation and future remediation efforts, cannot be reasonably estimated at this time.

- Asbestos Litigation

As of September 30, 2011, of the 3,330 asbestos cases brought against Central Hudson, 1,166 remain pending. Of the cases no longer pending against Central Hudson, 2,009 have been dismissed or discontinued without payment by Central Hudson, and Central Hudson has settled 155 cases. Central Hudson is presently unable to assess the validity of the remaining asbestos lawsuits; however, based on information known to Central Hudson at this time, including Central Hudson's experience in settling asbestos cases and in obtaining dismissals of asbestos cases, Central Hudson believes that the costs which may be incurred in connection with the remaining lawsuits will not have a material adverse effect on the financial position, results of operations or cash flows of either CH Energy Group or Central Hudson.

CHEC

During the nine months ended September 30, 2011, Griffith spent $0.5 million on remediation efforts in Maryland, Virginia and Connecticut.

Griffith's reserve for environmental remediation is $2.1 million as of September 30, 2011, of which $0.7 million is expected to be spent in the next twelve months.

In connection with the 2009 sale of operations in certain geographic locations, Griffith agreed to indemnify the purchaser for certain claims, losses and expenses arising out of any breach by Griffith of the representations, warranties and covenants Griffith made in the sale agreement, certain environmental matters and all liabilities retained by Griffith. Griffith's indemnification obligation is subject to a number of limitations, including a five-year limitation within which certain claims must be brought, an aggregate deductible of $0.8 million applicable to certain types of non-environmental claims and other deductibles applicable to certain specific environmental claims, and caps on Griffith's liability with respect to certain of the indemnification obligations. The sale agreement includes an aggregate cap of $5.7 million on Griffith's obligation to indemnify the purchaser for breaches of many of Griffith's representations and warranties and for certain environmental liabilities. In 2009, the Company reserved $2.6 million for environmental remediation costs it may be obligated to pay based on its indemnification obligations under the sale agreement. To date, Griffith has paid approximately $0.6 million under its environmental remediation cost obligation. In the first quarter of 2011, Griffith reduced the reserve by $0.6 million based on the completion of an environmental study. The reserve balance as of September 30, 2011 related to the divestiture is $1.3 million. Management believes this is the most likely amount Griffith would pay with respect to its indemnification obligations under the sale agreement.

Other Matters

Central Hudson and Griffith are involved in various other legal and administrative proceedings incidental to their businesses, which are in various stages. While these matters collectively could involve substantial amounts, based on the facts currently known, it is the opinion of Management that their ultimate resolution will not have a material adverse effect on either of CH Energy Group's or the individual segment's financial positions, results of operations or cash flows.

CH Energy Group and Central Hudson expense legal costs as incurred.

NOTE 13 – Segments and Related Information

CH Energy Group's reportable operating segments are the regulated electric utility business and regulated natural gas utility business of Central Hudson and the unregulated fuel distribution business of Griffith. Other activities of CH Energy Group, which do not constitute a business segment, include CHEC's renewable energy investments and the holding company's activities, which consist primarily of financing its subsidiaries, and are reported under the heading "Other Businesses and Investments."

Certain additional information regarding these segments is set forth in the following tables. General corporate expenses and Central Hudson's property common to both electric and natural gas segments have been allocated in accordance with practices established for regulatory purposes.

Central Hudson's and Griffith's operations are seasonal in nature and weather-sensitive and, as a result, financial results for interim periods are not necessarily indicative of trends for a twelve-month period. Demand for electricity typically peaks during the summer, while demand for natural gas and heating oil typically peaks during the winter.

In the following segment charts for CH Energy Group, information related to Griffith represents continuing operations unless otherwise noted.

CH Energy Group Segment Disclosure
(In Thousands)

	Three Months Ended September 30, 2011					
	Segments			Other Businesses and Investments	Eliminations	Total
	Central Hudson					
	Electric	Natural Gas	Griffith			
Revenues from external customers	$ 149,706	$ 18,462	$ 52,587	$ 300	$ -	$ 221,055
Intersegment revenues	3	139	-	-	(142)	-
Total revenues	149,709	18,601	52,587	300	(142)	221,055
Operating income (loss)	24,807	257	(3,169)	108	-	22,003
Interest and investment income	910	299	-	614	(597) (1)	1,226
Interest charges	5,878	1,523	610	3,741	(597) (1)	11,155
Income (loss) before income taxes	20,377	(859)	(3,826)	(7,231)	-	8,461
Net income (loss) attributable to CH Energy Group	12,060	(637)	(2,269) (3)	(826) (2)	-	8,328
Segment assets at September 30	1,211,879	364,160	98,890	29,371	(2,280)	1,702,020

(1) This represents the elimination of inter-company interest income (expense) generated from lending activities between CH Energy Group (the holding company), and its subsidiaries (CHEC and Griffith).
(2) Includes net income from discontinued operations of $3,671.
(3) Includes net loss from discontinued operations of $12.

CH Energy Group Segment Disclosure
(In Thousands)

	Three Months Ended September 30, 2010					
	Segments			Other Businesses and Investments	Eliminations	Total
	Central Hudson					
	Electric	Natural Gas	Griffith			
Revenues from external customers	$ 165,304	$ 18,823	$ 39,230	$ 300	$ -	$ 223,657
Intersegment revenues	3	6	-	-	(9)	-
Total revenues	165,307	18,829	39,230	300	(9)	223,657
Operating income (loss)	21,600	257	(3,163)	4	-	18,698
Interest and investment income	497	356	-	544	(544) (1)	853
Interest charges	4,842	1,222	523	836	(544) (1)	6,879
Income (loss) before income taxes	16,832	(781)	(3,820)	(11,791)	-	440
Net income (loss) attributable to CH Energy Group	10,112	(614)	(2,254)	(5,465) (2)	-	1,779
Segment assets at September 30	1,199,266	374,138	90,474	121,841	(35,739)	1,749,980

(1) This represents the elimination of inter-company interest income (expense) generated from lending activities between CH Energy Group (the holding company), and its subsidiaries (CHEC and Griffith).
(2) Includes net income from discontinued operations of $333.

CH Energy Group Segment Disclosure
(In Thousands)

	Nine Months Ended September 30, 2011					
	Segments			Other Businesses and Investments	Eliminations	Total
	Central Hudson					
	Electric	Natural Gas	Griffith			
Revenues from external customers	$ 418,511	$ 127,941	$ 208,342	$ 900	$ -	$ 755,694
Intersegment revenues	13	344	-	-	(357)	-
Total revenues	418,524	128,285	208,342	900	(357)	755,694
Operating income	53,695	15,982	2,314	307	-	72,298
Interest and investment income	3,539	1,107	-	2,115	(2,088) (1)	4,673
Interest charges	17,626	4,559	2,101	5,442	(2,088) (1)	27,640
Income (loss) before income taxes	39,916	12,618	235	(7,258)	-	45,511
Net income (loss) attributable to CH Energy Group	23,774	7,175	449 (3)	(168) (2)	-	31,230
Segment assets at September 30	1,211,879	364,160	98,890	29,371	(2,280)	1,702,020

(1) This represents the elimination of inter-company interest income (expense) generated from lending activities between CH Energy Group (the holding company), and its subsidiaries (CHEC and Griffith).
(2) Includes net income from discontinued operations of $3,349.
(3) Includes income from discontinued operations of $310.

CH Energy Group Segment Disclosure
(In Thousands)

	Nine Months Ended September 30, 2010					
	Segments			Other Businesses and Investments	Eliminations	Total
	Central Hudson					
	Electric	Natural Gas	Griffith			
Revenues from external customers	$ 436,362	$ 120,371	$ 165,808	$ 901	$ -	$ 723,442
Intersegment revenues	5	207	-	-	(212)	-
Total revenues	436,367	120,578	165,808	901	(212)	723,442
Operating income	57,862	18,833	2,009	67	-	78,771
Interest and investment income	2,427	1,059	1	1,642	(1,642) (1)	3,487
Interest charges	14,975	3,826	1,619	2,509	(1,642) (1)	21,287
Income (loss) before income taxes	44,760	15,739	346	(13,487)	-	47,358
Net income (loss) attributable to CH Energy Group	26,800	8,847	204	(6,869) (2)	-	28,982
Segment assets at September 30	1,199,266	374,138	90,474	121,841	(35,739)	1,749,980

(1) This represents the elimination of inter-company interest income (expense) generated from temporary lending activities between CH Energy Group (the holding company), and its subsidiaries (CHEC and Griffith).
(2) Includes loss from discontinued operations of $643.

NOTE 14 - Accounting for Derivative Instruments and Hedging Activities

Accounting for Derivatives

Central Hudson has been authorized to fully recover risk management costs through its natural gas and electricity cost adjustment charge clauses. Risk management costs are defined by the PSC as "costs associated with transactions that are intended to reduce price volatility or reduce overall costs to customers. These costs include transaction costs, and gains and losses associated with risk management instruments." The related gains and losses associated with Central Hudson's derivatives are included as part of Central Hudson's commodity cost and/or price-reconciled in its natural gas and electricity cost adjustment charge clauses, and are not designated as hedges. Additionally, Central Hudson has been authorized to fully recover the interest costs associated with its variable rate debt, which includes costs and gains or losses associated with its interest rate cap contracts. As a result, these derivative activities at Central Hudson do not impact earnings.

On March 18, 2011, Central Hudson entered into a total return master swap agreement with Bank of America with the intent to enter into future swap contracts to exchange total returns on CH Energy Group, Inc. common stock for fixed payments to Bank of America. The purpose is to reduce the volatility to earnings from phantom shares under CH Energy Group's Directors and Executives Deferred Compensation Plan. Based on the terms and conditions of the swap agreement, the fair value of the swaps are designated as Level 2 within the fair value hierarchy. Quarterly valuations are made on the last day of the quarter, at which time a net cash settlement will be recorded. Therefore the fair value of these outstanding contracts at any quarter-end is not expected to be material. On September 30, 2011, the swap settled resulting in expense of $0.1 million, and the notional amount of the swap to be settled at December 31, 2011 was re-priced. Year-to-date, the swap has settled resulting in income of $0.1 million. The proceeds will be used to offset future obligations under CH Energy Group's Directors and Executives Deferred Compensation Plan.

Derivative activity related to Griffith's heating oil contracts is not material.

The percentage of Central Hudson's electric and gas requirements hedged by derivative contracts is as follows:

Central Hudson	% of Requirement Hedged (1)
Electric Derivative Contracts:	
October 2011 – December 2011	20.8%
2012	23.4%
Natural Gas Derivative Contracts:	
November 2011 – March 2012	31.5%

(1) Projected coverage as of September 30, 2011.

Derivative Risks

The basic types of risks associated with derivatives are market risk (that the value of the derivative will be adversely impacted by changes in the market, primarily the change in interest and exchange rates) and credit risk (that the counterparty will not perform according to the terms of the contract). The market risk of the derivatives generally offset the market risk associated with the hedged commodity.

The majority of Central Hudson and Griffith's derivative instruments contain provisions that require the company to maintain specified issuer credit ratings and financial strength ratings. Should the company's ratings fall below these specified levels, it would be in violation of the provisions, and the derivatives' counterparties could terminate the contracts and request immediate payment.

To help limit the credit exposure of their derivatives, both Central Hudson and Griffith have entered into master netting agreements with counterparties whereby contracts in a gain position can be offset against contracts in a loss position. Of the eighteen total agreements held by both companies, twelve contain credit-risk related contingent features. As of September 30, 2011, there were 22 open derivative contracts in liability positions under these twelve master netting agreements containing credit-risk related contingent features. The circumstances that could trigger these features, the aggregate fair value of the derivative contracts that contain contingent features and the amount that would be required to settle these instruments on September 30, 2011 if the contingent features were triggered, are summarized in the table below.

Contingent Contracts
(Dollars In Thousands)

	As of September 30, 2011		
Triggering Event	# of Contracts in a Liability Position Containing the Triggering Feature	Gross Fair Value of Contract	Cost to Settle if Contingent Feature is Triggered (net of collateral)
Central Hudson:			
Change in Ownership (CHEG ownership of CHG&E falls below 51%)	4	$ (231)	$ (231)
Credit Rating Downgrade (to below BBB-)	18	(716)	(716)
Adequate Assurance (1)	-	-	-
Total Central Hudson	22	$ (947)	$ (947)
Griffith:			
Change in Ownership (CHEG ownership of CHEC falls below 51%)	-	-	-
Adequate Assurance (1)	-	-	-
Total Griffith	-	-	-
Total CH Energy Group	22	$ (947)	$ (947)

(1) If the counterparty has reasonable grounds to believe Central Hudson's or Griffith's creditworthiness or performance has become unsatisfactory, it can request collateral in an amount determined by the counterparty, not to exceed the amount required to settle the contract.

CH Energy Group and Central Hudson have elected gross presentation for their derivative contracts under master netting agreements and collateral positions. On September 30, 2011, neither Central Hudson nor Griffith had collateral posted against the fair value amount of derivatives.

The fair value of CH Energy Group’s and Central Hudson’s derivative instruments and their location in the respective Balance Sheets are summarized in the table below, followed by a summarization of their effect on the respective Statements of Income. For additional information regarding Central Hudson’s physical hedges, see the discussion following the caption “Electricity Purchase Commitments” in Note 12 - “Commitments and Contingencies.”

Gross Fair Value of Derivative Instruments

Derivative contracts are measured at fair value on a recurring basis. As of September 30, 2011, December 31, 2010 and September 30, 2010, CH Energy Group's and Central Hudson's derivative assets and liabilities by category and hierarchy level are as follows (In Thousands):

Asset or Liability Category	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of September 30, 2011				
Assets:				
Derivative Contracts:				
Griffith - heating oil	42	-	42	-
Total CH Energy Group Assets	$ 42	$ -	$ 42	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ (14,702)	$ -	$ -	$ (14,702)
Central Hudson - natural gas	(1,269)	-	(1,269)	-
Total CH Energy Group and Central Hudson Liabilities	$ (15,971)	$ -	$ (1,269)	$ (14,702)
As of December 31, 2010				
Assets:				
Derivative Contracts:				
Central Hudson - natural gas	$ 34	$ -	$ 34	$ -
Total Central Hudson Assets	$ 34	$ -	$ 34	$ -
Griffith - heating oil	$ 112	$ -	$ 112	$ -
Total CH Energy Group Assets	$ 146	$ -	$ 146	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ (23,872)	$ -	$ -	$ (23,872)
Central Hudson - natural gas	(1,009)	-	(1,009)	-
Total CH Energy Group and Central Hudson Liabilities	$ (24,881)	$ -	$ (1,009)	$ (23,872)
As of September 30, 2010				
Assets:				
Derivative Contracts:				
Griffith - heating oil	$ 86	$ -	$ 86	$ -
Total CH Energy Group Assets	$ 86	$ -	$ 86	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ (33,130)	$ -	$ -	$ (33,130)
Central Hudson - natural gas	(2,054)	-	(2,054)	-
Total CH Energy Group and Central Hudson Liabilities	$ (35,184)	$ -	$ (2,054)	$ (33,130)

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value and classified as Level 3 in the fair value hierarchy (In Thousands):

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Balance at Beginning of Period	$ (16,515)	$ (23,476)	$ (23,872)	$ (11,983)
Unrealized gains (losses)	1,813	(9,654)	9,170	(21,147)
Realized gains (losses)	(2,564)	739	(7,734)	(5,600)
Purchases	-	-	-	-
Issuances	-	-	-	-
Sales and settlements	2,564	(739)	7,734	5,600
Transfers in and/or out of Level 3	-	-	-	-
Balance at End of Period	$ (14,702)	$ (33,130)	$ (14,702)	$ (33,130)
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or lossess relating to derivatives still held at end of period	$ -	$ -	$ -	$ -

The company did not have any transfers into or out of Levels 1 or 2.

The Effect of Derivative Instruments on the Statements of Income

For the three and nine months ended September 30, 2011, all income statement activity for Griffith heating oil call option contracts was not material. Effective October 1, 2009, Griffith de-designated all open derivative positions. The loss reclassified from accumulated other comprehensive income in 2010, as these de-designated derivatives have settled, was not material.

For the three and nine months ended September 30, 2011, neither CH Energy Group nor Central Hudson had derivatives designated as hedging instruments. The following table summarizes the effects of CH Energy Group and Central Hudson derivatives on the statements of income (In Thousands):

	Amount of Gain/(Loss) Recognized in the Income Statement				Location of Gain/(Loss)
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2011	2010	2011	2010	
Central Hudson:					
Electricity swap contracts	$ (2,564)	$ 739	$ (7,734)	$ (5,600)	Regulatory asset(1)
Natural gas swap contracts	-	-	(1,385)	(1,778)	Regulatory asset(1)
Total return swap contracts	(59)	-	128	-	Interest on regulatory assets and other interest income
Total Central Hudson	(2,623)	739	(8,991)	(7,378)	
Griffith:					
Heating oil call option contracts	60	-	(22)	(52)	Purchased petroleum
Total Griffith	60	-	(22)	(52)	
Total CH Energy Group	$ (2,563)	$ 739	$ (9,013)	$ (7,430)	

(1) Realized gains and losses on Central Hudson's derivative instruments are conveyed to or recovered from customers through PSC authorized deferral accounting mechanisms, with an offset in revenue and on the balance sheet, and no impact on results of operations.

NOTE 15 – Other Fair Value Measurements

Other Assets Recorded at Fair Value

In addition to the derivatives reported at fair value discussed in Note 14 – “Accounting for Derivative Instruments and Hedging Activities”, CH Energy Group reports certain other assets at fair value in the Consolidated Balance Sheets, including the investments of CH Energy Group’s Directors and Executives Deferred Compensation Plan. The following table summarizes the amount reported at fair value related to these assets as of September 30, 2011, December 31, 2010 and September 30, 2010 (In Thousands):

Asset Category	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of September 30, 2011				
Other investments	$ 3,870	$ 3,870	$ -	$ -
As of December 31, 2010				
Other investments	$ 3,912	$ 3,912	$ -	$ -
Lyonsdale property and plant	$ 6,685	$ -	$ 6,685	$ -
As of September 30, 2010				
Other investments	$ -	$ -	$ -	$ -

As of September 30, 2011 and December 31, 2010, a portion of the trust assets for the funding of CH Energy Group’s Directors and Executives Deferred Compensation Plan are invested in mutual funds, which are measured at fair value on a recurring basis. These investments are valued at quoted market prices in active markets and as such are Level 1 investments as defined in the fair value hierarchy. These amounts are included in the line titled “Other investments” within the Deferred Charges and Other Assets section of the CH Energy Group Consolidated and Central Hudson Balance Sheets.

As a result of an impairment charge recognized in 2010, as of December 31, 2010, Lyonsdale property and plant of $6.7 million was recorded at fair value. The fair value of the assets was calculated based on market participant bids for the purchase of Lyonsdale, which were received in early 2011. Prior to December 31, 2010, Lyonsdale property and plant was stated at amortized cost. Effective May 1, 2011, Lyonsdale was sold. See Note 5 – “Acquisitions, Divestitures and Investments” for further details regarding the sale.

CHEC recorded a reserve against the full balance of its $10 million note receivable from Cornhusker Holdings in the third quarter of 2010. As of September 30, 2011, Management believes the fair value of this note receivable remains at zero and therefore appropriately reserved.

In the third quarter of 2011, CHEC recorded an impairment loss for the full value of its investment in CH-Community Wind. As of September 30, 2011, the fair value of this investment is zero. See Note 5 – "Acquisitions, Divestitures and Investments" for further details regarding the impairment.

Other Fair Value Disclosure

Financial instruments are recorded at carrying value in the financial statements, however, the fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents: Carrying amount

Long-term Debt: Quoted market prices for the same or similar issues

Notes Payable: Carrying amount

Long-term Debt Maturities and Fair Value - CH Energy Group
(Dollars in Thousands)

September 30, 2011

	Expected Maturity Date							
	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Fixed Rate:	$ 34,341	$ 37,007	$ 31,076	$ 21,650	$ 1,230	$ 357,835	$ 483,139	$ 540,896
Estimated Effective Interest Rate	6.86%	6.71%	6.92%	5.46%	6.86%	5.28%	5.54%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 33,700	$ 33,700	$ 33,700
Estimated Effective Interest Rate						0.38%	0.38%	
Total Debt Outstanding							$ 516,839	$ 574,596
Estimated Effective Interest Rate							5.18%	

December 31, 2010

	Expected Maturity Date							
	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Fixed Rate:	$ 941	$ 37,007	$ 31,076	$ 41,650	$ 1,230	$ 358,296	$ 470,200	$ 489,660
Estimated Effective Interest Rate	6.86%	6.71%	6.92%	6.02%	6.86%	5.54%	5.78%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 33,700	$ 33,700	$ 33,700
Estimated Effective Interest Rate						0.46%	0.46%	
Total Debt Outstanding							$ 503,900	$ 523,360
Estimated Effective Interest Rate							5.42%	

September 30, 2010

	Expected Maturity Date							
	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed Rate:	$ -	$ 941	$ 37,007	$ 31,076	$ 41,650	$ 277,376	$ 388,050	$ 432,746
Estimated Effective Interest Rate	- %	6.86%	6.71%	6.93%	6.02%	5.82%	6.02%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 115,850	$ 115,850	$ 115,850
Estimated Effective Interest Rate						0.45%	0.45%	
Total Debt Outstanding							$ 503,900	$ 548,596
Estimated Effective Interest Rate							4.74%	

Long-term Debt Maturities and Fair Value - Central Hudson
(Dollars in Thousands)

September 30, 2011

	Expected Maturity Date							
	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Fixed Rate:	$ 33,400	$ 36,000	$ 30,000	$ 14,000	$ -	$ 340,203	$ 453,603	$ 505,472
Estimated Effective Interest Rate	- %	6.71%	6.93%	4.81%	- %	5.21%	5.46%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 33,700	$ 33,700	$ 33,700
Estimated Effective Interest Rate						0.38%	0.38%	
				Total Debt Outstanding			$ 487,303	$ 539,172
				Estimated Effective Interest Rate			5.07%	

December 31, 2010

	Expected Maturity Date							
	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Fixed Rate:	$ -	$ 36,000	$ 30,000	$ 14,000	$ -	$ 340,200	$ 420,200	$ 432,800
Estimated Effective Interest Rate	- %	6.71%	6.93%	4.81%	- %	5.47%	5.66%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 33,700	$ 33,700	$ 33,700
Estimated Effective Interest Rate						0.46%	0.46%	
				Total Debt Outstanding			$ 453,900	$ 466,500
				Estimated Effective Interest Rate			5.28%	

September 30, 2010

	Expected Maturity Date							
	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed Rate:	$ -	$ -	$ 36,000	$ 30,000	$ 14,000	$ 258,050	$ 338,050	$ 373,559
Estimated Effective Interest Rate	- %	- %	6.71%	6.93%	4.81%	5.75%	5.92%	
Variable Rate:	$ -	$ -	$ -	$ -	$ -	$ 115,850	$ 115,850	$ 115,850
Estimated Effective Interest Rate						0.45%	0.45%	
				Total Debt Outstanding			$ 453,900	$ 489,409
				Estimated Effective Interest Rate			4.52%	

NOTE 16 – Subsequent Events

In addition to items disclosed in the footnotes, CH Energy Group has performed an evaluation of events subsequent to September 30, 2011 through the date the financial statements were issued and noted three additional items to disclose.

On October 19, 2011, Central Hudson entered into a new $150 million committed revolving credit facility with JPMorgan Chase Bank, N.A., Bank of America, N.A., HSBC Bank USA, N.A., KeyBank National Association and RBS Citizens Bank, N.A. as the participating banks. The new credit facility has a term of up to five years. The existing $125 million facility was terminated as of the effective date of the new agreement.

Subsequent to the end of the third quarter, Griffith acquired two fuel distribution and service companies for a total of approximately $1.2 million. The purchase price of the two companies included an immaterial amount for tangible assets and $1.1 million for intangible assets of which approximately $0.5 million is goodwill.

On October 29, 2011, Central Hudson experienced its third largest storm event in Company history in which approximately 156,000 electric customers were affected. Although a final determination cannot be made at this time, Central Hudson estimates that this storm event is likely to exceed the level necessary for deferral of incremental costs.

ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE SUMMARY

This MD&A should be read in conjunction with the third quarter Financial Statements and the notes thereto and the MD&A in Item 7 of the Companies' combined Annual Report on Form 10-K for the year ended December 31, 2010; and the MD&A in Part I, Item 2 of the Companies' combined Quarterly Report on Form 10-Q for the period ended March 31, 2011 and June 30, 2011.

Business Overview

CH Energy Group is a holding company with four business units:

Business Segments:
(1) Central Hudson's regulated electric utility business;
(2) Central Hudson's regulated natural gas utility business;
(3) Griffith's fuel distribution business;

Other Businesses and Investments:
(4) CHEC's renewable energy investments and the holding company's activities, which consist primarily of financing its subsidiaries.

CH Energy Group's mission is to provide electricity, natural gas, petroleum and related services to an expanding customer base in a safe, reliable, courteous and affordable manner; to produce growing financial returns for shareholders; to foster a culture that encourages employees to reach their full potential; and to be a good corporate citizen.

Strategy

Offer an attractive risk adjusted return to CH Energy Group shareholders. Our plan is to:

- Concentrate on energy distribution through Central Hudson in the Mid-Hudson Valley and through Griffith in the Mid-Atlantic region
- Invest primarily in utility electric and natural gas transmission and distribution
- Focus on risk management
  - Limit commodity exposure
  - Manage regulatory affairs effectively
  - Maintain a financial profile that supports a credit rating in the "A" category
- Target stable and predictable earnings, with growth trend expectations of 5% or more per year off a base of $2.76 in 2009

- Provide an annualized common stock dividend that is the higher of $2.22/share or 65% to 70% of annual earnings

Implementation

During 2011, CH Energy Group acted upon its 2010 announced strategy transition and began to divest its investments in the renewable energy industry through CHEC. Year-to-date, CHEC has divested its three largest renewable energy investments; Lyonsdale, Shirley Wind and CH-Auburn. The sale of these investments resulted in a combined net increase to earnings of $3.1 million, which includes the tax benefits of federal grants received. These divestitures represent a continued de-risking of the business. Proceeds from the sale of these investments were used primarily for the repurchase of outstanding Common Stock of CH Energy Group and debt repayment. As of September 30, 2011, 948,676 shares of CH Energy Group stock were repurchased. Additionally, a portion of the proceeds from the sale of Shirley Wind was used to pay down private placement debt at CH Energy Group Holding Company. These transactions will result in a reduction of the volatility of CH Energy Group's earnings.

The remaining three investments in renewable energy, totaling $4.7 million, are not considered a part of the core business, should not require significant management oversight, and are not expected to have any further capital invested in them. Management intends to hold these remaining investments, but will continue to monitor market conditions to evaluate the fair market value of these investments and consider whether the opportunity exists to create greater shareholder value through divestitures. Earnings impacts associated with these investments are not a reflection of the potential earnings growth of CH Energy Group and will not impact CH Energy Group's ability to achieve its sustainable earnings and dividend objectives.

CHEC's $4.7 million investment in CH-Greentree, a 100% equity interest in a molecular gate used to remove nitrogen from landfill gas, generates revenues from the lease of the gate to the landfill project owner. Currently, the project is current on all of its lease payments to CH-Greentree. Due to the effects of the economic slowdown, less municipal solid waste is being delivered to the landfill, and along with sludge from hydraulic fracturing which is being delivered, less gas is being produced and sold. In response to these operational challenges, the project is seeking to renegotiate its current debt obligations to improve its future cash flows in order to meet its financial obligations. If the project is no longer able to meet its lease obligations to CH-Greentree, Management has certain remedies available, including removing the molecular gate, seeking an alternative landfill, or selling the molecular gate. Management will continue to monitor this matter, however, Management believes that this will not impact its ability to achieve the financials goals defined in the strategy. For further discussions relating to the impact of the change in strategy on CHEC's renewable energy investments, see Note 5 – "Acquisitions, Divestitures and Investments."

Contributions by respective business units to operating revenues and net income for the three and nine months ended September 30, 2011 and 2010 are discussed in the Results of Operations section of this Management Discussion and Analysis. There are no significant updates to the strategy specifically focused on either of the business units Central Hudson or Griffith since the Annual Report on Form 10-K for the year ended December 31, 2010.

On September 23, 2011, the Board of Directors of CH Energy Group declared a quarterly dividend of 55.5 cents per share. This dividend is an increase from the previously consistent 54 cents per share declared to shareholders each quarter since 1998. This increase is consistent with CH Energy Group's strategy outlined above and a result of the successful progress of the strategy transition.

EARNINGS PER SHARE AND OVERVIEW OF THIRD QUARTER AND YEAR-TO-DATE RESULTS

The following discussion and analyses include explanations of significant changes in revenues and expenses between the three and nine months ended September 30, 2011, and 2010, for Central Hudson's regulated electric and natural gas businesses, Griffith, and the Other Businesses and Investments.

The discussions and tables below present the change in earnings of CH Energy Group's business units in terms of earnings for each outstanding share of CH Energy Group's Common Stock. Management believes that expressing the results in terms of the impact on shares of CH Energy Group is useful to investors because it shows the relative contribution of the various business units to CH Energy Group's earnings. This information is considered a non-GAAP financial measure and not an alternative to earnings per share determined on a consolidated basis, which is the most directly comparable GAAP measure. Additionally, Management believes that the disclosure of Significant Events within each business unit provides investors with the context around the Company's results that is important in enabling them to ascertain the likelihood that past performance is indicative of future performance. A reconciliation of each business unit's earnings per share to CH Energy Group's earnings per share, determined on a consolidated basis, is included in the table below.

CH Energy Group Consolidated

Earnings per Share (Basic)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Change	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Change
Central Hudson - Electric	$ 0.79	$ 0.64	$ 0.15	$ 1.54	$ 1.70	$ (0.16)
Central Hudson - Natural Gas	(0.03)	(0.04)	0.01	0.47	0.56	(0.09)
Griffith	(0.15)	(0.14)	(0.01)	0.03	0.01	0.02
Other Businesses and Investments	(0.06)	(0.35)	0.29	(0.01)	(0.43)	0.42
Total CH Energy Group Consolidated Earnings, as reported	$ 0.55	$ 0.11	$ 0.44	$ 2.03	$ 1.84	$ 0.19

Earnings for CH Energy Group totaled $0.55 and $2.03 per share for the three and nine months ended September 30, 2011.

Details by business unit were as follows:

Central Hudson

Earnings per Share (Basic)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Change	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Change
Central Hudson - Electric	$ 0.79	$ 0.64	$ 0.15	$ 1.54	$ 1.70	$ (0.16)
Central Hudson - Natural Gas	(0.03)	(0.04)	0.01	0.47	0.56	(0.09)
Total Central Hudson Earnings	$ 0.76	$ 0.60	$ 0.16	$ 2.01	$ 2.26	$ (0.25)

	Three Month Change	Nine Month Change
Uncollectible deferral in 2010	$ -	$ (0.14)
Sales tax	-	(0.01)
Storm deferral petition disallowance	-	(0.03)
Delivery revenue	0.11	0.32
Lower/(higher) trimming costs	0.08	(0.10)
Higher weather related restoration costs	(0.04)	(0.15)
Higher depreciation	(0.02)	(0.09)
Higher property and other taxes	(0.02)	(0.14)
Other	0.05	0.09
	$ 0.16	$ (0.25)

Earnings from Central Hudson's electric and natural gas operations increased during the three months ended September 30, 2011 and decreased during the nine month period when compared to the same periods in 2010.

For the three month period, the increase in earnings per share was primarily due to higher delivery revenues and reduced expenses that resulted from an acceleration of tree trimming into the first half of 2011 to take advantage of cost savings and favorable tree trimming weather. These positives were partially reduced by the impact of expenses associated with restoring service following Tropical Storm Irene during the third quarter of 2011.

During the nine months ended September 30, 2011 as compared to the same period in 2010, the decrease in earnings was primarily due to a 2010 regulatory deferral related to uncollectible expenses, the impact of weather related service restoration and the accelerated tree trimming expenses in the first six months of 2011 discussed above. Higher delivery revenues helped to reduce the unfavorable impact of these items.

Normal increases in the cost of doing business, such as depreciation and property taxes in both periods in 2011 compared to the same periods in 2010 were covered by the higher delivery revenues discussed above.

Griffith

Earnings per Share (Basic)

	Three Months Ended September 30, 2011	2010	Change	Nine Months Ended September 30, 2011	2010	Change
Griffith - Fuel Distribution Earnings	$ (0.15)	$ (0.14)	$ (0.01)	$ 0.03	$ 0.01	$ 0.02

	Three Month Change	Nine Month Change
Discontinued operations	$ -	$ 0.02
Margin on petroleum sales	0.01	0.04
Weather impact on sales (including hedging)	-	0.04
Weather-normalized sales (including conservation)	(0.01)	(0.08)
Operating expenses	-	0.02
Other	(0.01)	(0.02)
	$ (0.01)	$ 0.02

Griffith's earnings decreased in the three months ended September 30, 2011 compared to the same period in 2010 due to reduced weather normalized volumes and other expenses partially offset by increased margins.

For the nine months ended September 30, 2011 compared to the same period in 2010, Griffith’s earnings increased due to increased margins, colder weather and the related hedge. Additionally, a reduction to the environmental reserve related to the 2009 divestiture favorably impacted the nine month year-over-year earnings. These improvements were partially offset by lower weather normalized volumes, which Management believes is a response by customers to delivered heating oil prices which were 43% higher in 2011 compared to a similar period in 2010.

Other Businesses and Investments

Earnings per Share (Basic)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Change	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Change
Other Businesses & Investments Earnings	$ (0.06)	$ (0.35)	$ 0.29	$ (0.01)	$ (0.43)	$ 0.42

	Three Month Change	Nine Month Change
Divested operations:		
Operations	$ (0.03)	$ -
Gain from sales	0.24	0.20
Penalty on early retirement of debt following divestiture	(0.11)	(0.11)
Income taxes related to 2010 deductions for prior periods	(0.11)	(0.06)
Ethanol investment impairment in 2010	0.44	0.44
Wind investment impairment in 2011	(0.14)	(0.14)
Other	-	0.09
	$ 0.29	$ 0.42

The earnings of CH Energy Group Holding Company and CHEC's partnerships and other investments increased in the three and nine months ended September 30, 2011 compared to the same periods in 2010. For both periods, the year-over-year change was impacted by an impairment charge recorded on CHEC's ethanol investment in the third quarter of 2010 and an impairment charge on a wind investment in the third quarter of 2011. The net increase to earnings resulting from CHEC's sale of its investments in Shirley Wind and CH-Auburn in the third quarter favorably impacted both periods. Proceeds from the sale of these investments were used to repurchase CH Energy Group Common Stock and to pay down debt at CH Energy Group Holding Company, which provided corporate financing for these investments. As a result of the early retirement of debt, a prepayment penalty was incurred in the third quarter of 2011. The decrease noted above for income taxes relates to favorable adjustments recorded by CH Energy Group Holding Company in the third quarter of the prior year.

RESULTS OF OPERATIONS

A breakdown by business unit of CH Energy Group's operating revenues (net of divestitures) and net income for the three and nine months ended September 30, 2011 and 2010 are illustrated below (Dollars in Thousands):

Business Unit	Three Months Ended September 30, 2011 Operating Revenues		Net Income (loss) attributable to CH Energy Group		Three Months Ended September 30, 2010 Operating Revenues		Net Income (loss) attributable to CH Energy Group	
Electric(1)	$ 149,706	68%	$ 12,060	145 %	$ 165,304	74%	$ 10,112	568 %
Gas(1)	18,462	8%	(637)	(8) %	18,823	8%	(614)	(34) %
Total Central Hudson	168,168	76%	11,423	137 %	184,127	82%	9,498	534 %
Griffith(1),(3)	52,587	24%	(2,269)	(27) %	39,230	18%	(2,254)	(127) %
Other Businesses and Investments(2)	300	-%	(826)	(10) %	300	-%	(5,465)	(307) %
Total CH Energy Group	$ 221,055	100%	$ 8,328	100 %	$ 223,657	100%	$ 1,779	100 %

(1) A portion of the revenues above represent amounts collected from customers for the recovery of purchased electric and natural gas costs at Central Hudson and the cost of purchased petroleum products at Griffith and therefore have no material impact on net income. A breakout of these components is as follows:
Electric 3rd Quarter 2011: 28% cost recovery revenues + 40% other revenues = 68%
Electric 3rd Quarter 2010: 34% cost recovery revenues + 40% other revenues = 74%
Natural gas 3rd Quarter 2011: 3% cost recovery revenues + 5% other revenues = 8%
Natural gas 3rd Quarter 2010: 3% cost recovery revenues + 5% other revenues = 8%
Griffith 3rd Quarter 2011: 20% commodity costs + 4% other revenues = 24%
Griffith 3rd Quarter 2010: 14% commodity costs + 4% other revenues = 18%

(2) Net income for Other Businesses and Investments for the three months ended September 30, 2011 and 2010 includes net income from discontinued operations of $3,671 and $333, respectively.

(3) Net income for Griffith for the three months ended September 30, 2011 includes a loss from discontinued operations of $12.

Business Unit	Nine Months Ended September 30, 2011 Operating Revenues		Net Income (loss) attributable to CH Energy Group		Nine Months Ended September 30, 2010 Operating Revenues		Net Income (loss) attributable to CH Energy Group	
Electric(1)	$ 418,511	55%	$ 23,774	76 %	$ 436,362	60%	$ 26,800	92 %
Gas(1)	127,941	17%	7,175	23 %	120,371	17%	8,847	31 %
Total Central Hudson	546,452	72%	30,949	99 %	556,733	77%	35,647	123 %
Griffith(1),(3)	208,342	28%	449	2 %	165,808	23%	204	1 %
Other Businesses and Investments(2)	900	-%	(168)	(1) %	901	-%	(6,869)	(24) %
Total CH Energy Group	$ 755,694	100%	$ 31,230	100 %	$ 723,442	100%	$ 28,982	100 %

(1) A portion of the revenues above represent amounts collected from customers for the recovery of purchased electric and natural gas costs at Central Hudson and the cost of purchased petroleum products at Griffith and therefore have no material impact on net income. A breakout of these components is as follows:
Electric YTD 2011: 22% cost recovery revenues + 33% other revenues = 55%
Electric YTD 2010: 27% cost recovery revenues + 33% other revenues = 60%
Natural gas YTD 2011: 8% cost recovery revenues + 9% other revenues = 17%
Natural gas YTD 2010: 8% cost recovery revenues + 9% other revenues = 17%
Griffith YTD 2011: 22% commodity costs + 6% other revenues = 28%
Griffith YTD 2010: 17% commodity costs + 6% other revenues = 23%

(2) Net income for Other Businesses and Investments for the nine months ended September 30, 2011 and 2010 includes net income from discontinued operations of $3,349 and ($643), respectively.

(3) Net income for Griffith for the nine months ended September 30, 2011 includes net income from discontinued operations of $310.

Central Hudson

The following discussions and analyses include explanations of significant changes in operating revenues, operating expenses, volumes delivered, other income, interest charges, and income taxes between the three and nine months ended September 30 , 2011 and the three and nine months ended 2010 for Central Hudson's regulated electric and natural gas businesses.

Income Statement Variances
(Dollars In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Increase/(Decrease) in Amount	Increase/(Decrease) in Percent
Operating Revenues	$ 168,168	$ 184,127	$ (15,959)	(8.7) %
Operating Expenses:				
Purchased electricity, fuel and natural gas	67,071	84,107	(17,036)	(20.3) %
Depreciation and amortization	8,909	8,526	383	4.5 %
Other operating expenses	67,124	69,637	(2,513)	(3.6) %
Total Operating Expenses	143,104	162,270	(19,166)	(11.8) %
Operating Income	25,064	21,857	3,207	14.7 %
Other Income, net	1,855	258	1,597	619.0 %
Interest Charges	7,401	6,064	1,337	22.0 %
Income before income taxes	19,518	16,051	3,467	21.6 %
Income Taxes	7,853	6,311	1,542	24.4 %
Net income	$ 11,665	$ 9,740	$ 1,925	19.8 %

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Increase/(Decrease) in Amount	Increase/(Decrease) in Percent
Operating Revenues	$ 546,452	$ 556,733	$ (10,281)	(1.8) %
Operating Expenses:				
Purchased electricity, fuel and natural gas	232,221	256,032	(23,811)	(9.3) %
Depreciation and amortization	26,791	25,362	1,429	5.6 %
Other operating expenses	217,763	198,644	19,119	9.6 %
Total Operating Expenses	476,775	480,038	(3,263)	(0.7) %
Operating Income	69,677	76,695	(7,018)	(9.2) %
Other Income, net	5,042	2,605	2,437	93.6 %
Interest Charges	22,185	18,801	3,384	18.0 %
Income before income taxes	52,534	60,499	(7,965)	(13.2) %
Income Taxes	20,858	24,125	(3,267)	(13.5) %
Net income	$ 31,676	$ 36,374	$ (4,698)	(12.9) %

Delivery Volumes

Delivery volumes for Central Hudson vary in response to weather conditions and customer behavior. Electric deliveries peak in the summer and deliveries of natural gas used for heating purposes peak in the winter. Delivery volumes also vary as customers respond to the price of the particular energy product and changes in local economic conditions.

The following chart reflects the change in the level of electric and natural gas deliveries for Central Hudson in the three and nine months ended September 30, 2011 compared to the same period in 2010. Deliveries of electricity and natural gas to residential and commercial customers have historically contributed the most to Central Hudson's earnings. Industrial sales and interruptible sales have a negligible impact on earnings. Effective July 1, 2009 and continuing in the 2010 Rate Order, Central Hudson's delivery rate structure includes a RDM which provides the ability to record revenues equal to those forecasted in the development of current rates for most of Central Hudson's customers. As a result, fluctuations in actual delivery volumes do not have a significant impact on Central Hudson's earnings.

Electric Deliveries
(In Gigawatt-Hours)

	Actual Deliveries				Weather Normalized Deliveries(1)			
	Three Months Ended September 30,		Variation in		Three Months Ended September 30,		Variation in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Residential	585	618	(33)	(5)%	548	572	(24)	(4)%
Commercial	542	551	(9)	(2)%	525	533	(8)	(2)%
Industrial and other	299	314	(15)	(5)%	298	315	(17)	(5)%
Total Deliveries	1,426	1,483	(57)	(4)%	1,371	1,420	(49)	(3)%

	Actual Deliveries				Weather Normalized Deliveries(1)			
	Nine Months Ended September 30,		Variation in		Nine Months Ended September 30,		Variation in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Residential	1,654	1,630	24	1 %	1,600	1,593	7	- %
Commercial	1,516	1,503	13	1 %	1,493	1,483	10	1 %
Industrial and other	839	875	(36)	(4)%	836	874	(38)	(4)%
Total Deliveries	4,009	4,008	1	- %	3,929	3,950	(21)	(1)%

(1) Central Hudson uses an internal analysis based on historical weather data to remove the estimated impacts of weather on delivery volumes.

Natural Gas Deliveries
(In Million Cubic Feet)

	Actual Deliveries				Weather Normalized Deliveries[1]			
	Three Months Ended September 30,		Variation in		Three Months Ended September 30,		Variation in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Residential	301	295	6	2 %	340	320	20	6 %
Commercial	577	585	(8)	(1)%	604	600	4	1 %
Industrial and other[2]	2,573	4,583	(2,010)	(44)%	486	568	(82)	(14)%
Total Deliveries	3,451	5,463	(2,012)	(37)%	1,430	1,488	(58)	(4)%

	Actual Deliveries				Weather Normalized Deliveries[1]			
	Nine Months Ended September 30,		Variation in		Nine Months Ended September 30,		Variation in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Residential	4,127	3,679	448	12 %	4,096	3,934	162	4 %
Commercial	5,142	4,422	720	16 %	5,132	4,675	457	10 %
Industrial and other[2]	5,579	7,512	(1,933)	(26)%	1,664	1,738	(74)	(4)%
Total Deliveries	14,848	15,613	(765)	(5)%	10,892	10,347	545	5 %

(1) Central Hudson uses an internal analysis based on historical weather data to remove the estimated impacts of weather on delivery volumes.
(2) Actual deliveries include interruptible natural gas deliveries. Weather normalized deliveries exclude interruptible natural gas deliveries.

Electric deliveries to residential and commercial customers decreased during the three months ended September 30, 2011 as compared to the prior period primarily due to lower sales per customer. Electric delivery volumes to residential and commercial customers for the first nine months of 2011 were consistent with the same period in 2010. Favorable impacts of colder weather in the first half of the year were offset by the decreases in the third quarter.

The year-over-year variance for natural gas deliveries to residential and commercial customers during the three months ended September 30, 2011 when compared to the same periods in 2010 was driven by an increase in sales per customer, which was partially offset by warmer weather experienced in the third quarter of 2011 as compared to the prior year. For the nine months ended September 30, 2011, the year-over-year variance in natural gas deliveries to residential and commercial customers also included the favorable impacts of colder weather experienced during the first half of 2011 compared to 2010.

The decrease in natural gas industrial and other deliveries for the three and nine months ended September 30, 2011 as compared to the prior year was driven primarily by a decrease in transportation delivery volumes to electric generation facilities, which sell their electricity to the NYISO market and whose output increased in the third quarter of 2010 to the meet the increased electric demand during that period.

Revenues

Central Hudson’s revenues consist of two major categories: those which offset specific expenses in the current period (matching revenues), and those that impact earnings. Matching revenues recover Central Hudson's actual costs for particular expenses. Any difference between these revenues and the actual expenses incurred is deferred for future recovery from or refund to customers and therefore does not impact earnings.

Change in Central Hudson Revenues - Electric
(In Thousands)

	Three Months Ended September 30, 2011	2010	Increase / (Decrease)	Nine Months Ended September 30, 2011	2010	Increase / (Decrease)
Revenues with Matching Expense Offsets:(1)						
Energy cost adjustment	$ 59,609	$ 76,236	$ (16,627)	$ 165,547	$ 193,043	$ (27,496)
Sales to others for resale	1,125	654	471	3,249	3,370	(121)
Other revenues with matching offsets	22,315	23,826	(1,511)	64,799	61,332	3,467
Subtotal	83,049	100,716	(17,667)	233,595	257,745	(24,150)
Revenues Impacting Earnings:						
Customer sales	62,536	61,848	688	175,923	167,304	8,619
RDM and other regulatory mechanisms	1,340	141	1,199	1,462	3,609	(2,147)
Pole attachments and other rents	1,231	1,025	206	3,136	3,123	13
Finance charges	843	852	(9)	2,557	2,446	111
Other revenues	707	722	(15)	1,838	2,135	(297)
Subtotal	66,657	64,588	2,069	184,916	178,617	6,299
Total Electric Revenues	$ 149,706	$ 165,304	$ (15,598)	$ 418,511	$ 436,362	$ (17,851)

(1) Revenues with matching offsets do not affect earnings since they offset related costs, the most significant being energy cost adjustment revenues, which provide for the recovery of purchased electricity costs. Other related costs include authorized business expenses recovered through rates and the cost of special programs authorized by the PSC and funded with certain available credits. Changes in revenues from electric sales to other utilities also do not affect earnings since any related profits or losses are returned or charged, respectively, to customers.

Change in Central Hudson Revenues - Natural Gas
(In Thousands)

	Three Months Ended September 30, 2011	2010	Increase / (Decrease)	Nine Months Ended September 30, 2011	2010	Increase / (Decrease)
Revenues with Matching Expense Offsets:(1)						
Energy cost adjustment	$ 2,323	$ 2,741	$ (418)	$ 46,445	$ 40,856	$ 5,589
Sales to others for resale	3,290	3,839	(549)	15,106	17,129	(2,023)
Other revenues with matching offsets	2,223	2,152	71	17,032	14,608	2,424
Subtotal	7,836	8,732	(896)	78,583	72,593	5,990
Revenues Impacting Earnings:						
Customer sales	8,636	7,990	646	46,309	38,534	7,775
RDM and other regulatory mechanisms	569	774	(205)	(1,538)	4,796	(6,334)
Interruptible profits	687	629	58	1,981	1,704	277
Finance charges	228	193	35	923	823	100
Other revenues	506	505	1	1,683	1,921	(238)
Subtotal	10,626	10,091	535	49,358	47,778	1,580
Total Natural Gas Revenues	$ 18,462	$ 18,823	$ (361)	$ 127,941	$ 120,371	$ 7,570

(1) Revenues with matching offsets do not affect earnings since they offset related costs, the most significant being energy cost adjustment revenues, which provide for the recovery of purchased natural gas costs. Other related costs include authorized business expenses recovered through rates and the cost of special programs authorized by the PSC and funded with certain available credits. For natural gas sales to other entities for resale, 85% of such profits are returned to customers.

Electric revenues decreased in the three and nine months ended September 30, 2011 as compared to the same periods in 2010, primarily due to lower energy cost adjustment revenues. The lower energy cost adjustment revenues are due to lower purchased volumes and lower wholesale prices in both periods. During the three month period, lower revenues collected for previously deferred purchased electricity costs contributed to the additional decrease. During the nine month period, higher revenues collected for previously deferred purchased electricity costs partially reduced the change in energy cost adjustment revenues.

Partially offsetting the decrease in electric revenues for the nine month period were increased revenues from customer sales due to higher delivery rates and other revenues with matching offsets.

Natural gas revenues were relatively unchanged during the three months ended September 30, 2011 as compared to the prior period and increased year-to-date compared to 2010. This increase was primarily due to higher customer sales, energy cost adjustment revenues and revenues with matching offsets. These increases were partially reduced by lower revenue stabilization revenue, primarily related to RDMs and lower sales to others for resale. Increased gas revenues from customer sales are due to higher delivery rates as compared to prior periods. The higher gas energy cost adjustment revenues for the nine months resulted primarily from higher revenues required to be recovered from previously deferred gas costs partially reduced by lower wholesale gas prices. Lower RDMs are a result of greater excess of actual delivery revenue in the current year over the levels provided in PSC approved rates as compared to the excess in the prior year. Central Hudson set aside this excess revenue for future customer benefit.

Revenues with matching offsets increased for both electric and gas during the nine months ended September 30, 2011 as compared to the same periods in 2010 due to an increase in rates related to new NYS energy efficiency programs.

Operating Expenses

The most significant elements of Central Hudson’s operating expenses are purchased electricity and purchased natural gas; however, changes in these costs do not affect earnings since they are offset by changes in related revenues recovered through Central Hudson’s energy cost adjustment mechanisms. Additionally, there are other costs that are matched to revenues largely from customer billings, notably the cost of pensions and OPEBs, the Temporary State Assessment, and NYS energy efficiency programs.

Total utility operating expenses decreased 12% and 1% in the three and nine months ended September 30, 2011 compared to the same periods in 2010. The following summarizes the change in operating expenses:

Change in Central Hudson Operating Expenses
(In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Increase / (Decrease)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Increase / (Decrease)
Expenses Currently Matched to Revenues:(1)						
Purchased electricity	$ 60,734	$ 76,890	$ (16,156)	$ 168,796	$ 196,413	$ (27,617)
Purchased natural gas	5,613	6,580	(967)	61,551	57,985	3,566
Temporary State Assessment	4,744	4,686	58	16,014	14,224	1,790
Pension	5,699	6,501	(802)	20,195	22,194	(1,999)
OPEB	1,581	1,572	9	5,059	5,209	(150)
NYS energy programs	7,038	7,707	(669)	21,998	18,435	3,563
MGP site remediations	1,120	1,100	20	3,393	2,552	841
Other matched expenses	4,356	4,412	(56)	15,172	13,326	1,846
Subtotal	90,885	109,448	(18,563)	312,178	330,338	(18,160)
Other Expense Variations:						
Tree trimming	2,316	4,382	(2,066)	12,816	10,238	2,578
Property taxes(2)	8,769	8,022	747	26,226	23,095	3,131
Weather related service restoration (3), (4)	2,927	1,313	1,614	9,061	3,910	5,151
Depreciation	8,909	8,526	383	26,791	25,362	1,429
Uncollectible expense	1,830	1,766	64	5,176	5,538	(362)
Uncollectible deferrals	-	-	-	-	(3,702)	3,702
Purchased natural gas incentive arrangements	724	637	87	1,874	1,634	240
Other expenses	26,744	28,176	(1,432)	82,653	83,625	(972)
Subtotal	52,219	52,822	(603)	164,597	149,700	14,897
Total Operating Expenses	$ 143,104	$ 162,270	$ (19,166)	$ 476,775	$ 480,038	$ (3,263)

(1) Includes expenses that, in accordance with the 2009 and 2010 Rate Orders, are adjusted in the current period to equal the revenues earned for the applicable expenses.
(2) Central Hudson is authorized to defer 90% of any difference between actual property tax expense and the rate allowances for each Rate Year.
(3) Three and nine months ended September 30, 2010 does not include $19.3 million in incremental costs related to the February 2010 significant storm event deferred for future recovery from customers. See further discussion below.
(4) Three and nine months ended September 30, 2011 does not include $12.8 million in incremental costs related to the August 2011 Tropical Storm Irene event deferred for future recovery from customers. See further discussion below.

In addition to the required adjustment to match revenues collected from customers, the variation in purchased electricity for the three and nine months ended September 30, 2011 compared to the same period in the prior year was driven primarily by lower purchased volumes and lower wholesale prices. On a year-over-year comparison, higher revenues collected for previously deferred purchased electricity cost partially offset the decrease. The increase in purchased natural gas for the nine months ended September 30, 2011 compared to 2010 is the result of higher revenues collected for previously deferred purchased gas costs partially reduced by lower wholesale gas prices and lower purchased volumes.

Variations in other expenses currently matched to revenues, including increases in NYS energy programs, Temporary State Assessment, MGP site remediations and other matched expenses and decreases in pensions and OPEBs are due to a change in the level of expenses recorded, with a corresponding change in revenues resulting from a change in the amounts included in delivery rates as authorized in the 2010 Rate Order.

Weather related service restoration costs can fluctuate from year-to-year based on changes in the number and severity of storms each year. The decrease in expenses associated with tree-trimming in the third quarter and increase in year-to-date is a result of accelerated trimming in the first half of 2011 to take advantage of contractor crew availability, favorable trimming and pricing conditions. In addition, the reassignment of tree trimming crews to assist with the restoration efforts of Tropical Storm Irene during the last week of August 2011 contributed to the decrease in third quarter tree-trimming expenses. In February 2010, another significant storm event and the reassignment of tree trimming crews to assist with restoration efforts also impacts year-over-year results. The 2010 and 2011 costs do not include incremental costs from these major storm events except the incremental storm costs related to gas emergencies as a result of the impacts of Tropical Storm Irene during the August 2011 storm. Approximately $0.6 million of incremental gas costs are included in 2011 weather related storm restoration costs and Central Hudson is currently analyzing the gas costs incurred during the storm and will evaluate the results to determine if the costs meet the requirements for deferral accounting treatment. Incremental costs include such items as the costs of mutual aid crews and contractors from other areas and overtime costs for Central Hudson crews, which were deferred for future recovery from customers. For the February 2010 storm, Central Hudson filed a petition with the PSC for approval and recovery on September 23, 2010. On April 14, 2011 the Commission issued an Order authorizing deferral of $18.8 million of the incremental electric storm restoration expense related to the February 2010 storm. Central Hudson recorded $0.8 million of storm costs from the February 2010 storm disallowed by the Commission in its April 14th Order in the first quarter of 2011. For the August 2011 storm, Management believes that the incremental electricity restoration costs associated with Tropical Storm Irene of approximately $12.8 million are probable of future recovery from customers.

The increase in expenses related to the uncollectible deferral during the nine months ended September 30, 2011 as compared to the same period in 2010 is due to Central Hudson deferring for future recovery $2.6 million in uncollectible expense over rate allowances for the rate year ended June 30, 2010. In addition, Central Hudson deferred an additional $1.1 million of gas uncollectible expense during the second quarter of 2010 based on the PSC Order issued in May 2010, which covered the calendar year 2009 rather than the rate year ended June 30, 2009 as requested by the company. Central Hudson did not record uncollectible deferrals in the three or nine month periods ending September 30, 2011.

Other Income

Other income and deductions for Central Hudson for the three and nine months ended September 30, 2011, increased $1.6 million and $2.4 million compared to the prior periods. For both the three and nine month period, increases in regulatory adjustments related to changes in interest costs on Central Hudson's variable rate debt resulted from the redemption of Series C and D notes in December 2010 with proceeds from the Series G medium-term notes. Additional increases during the nine month period included increase in regulatory carrying charges from customers related to pension costs and MGP and interest on undercollected gas cost adjustments. These increases were partially offset by decreases in carrying charges from customers relating to deferral costs of the February 2010 storm event and the deferred uncollectible expense noted above. For the three months ended September 30, 2011, the increase in regulatory carrying charges from customers was due primarily to pension costs.

Interest Charges

Central Hudson's interest charges increased $1.3 million and $3.4 million for the three and nine months ended September 30, 2011 compared to the same period in 2010. The increase is primarily the result of the higher interest rates associated with the $82.2 million medium-term notes issued in December 2010 compared to the $82.2 million variable rate series C and D notes retired in December 2010. An overall higher outstanding debt balance during the three and nine months ended September 30, 2011 as compared to the same periods in 2010 also resulted in increased interest charges.

Income Taxes

Income taxes for Central Hudson increased $1.5 million and decreased $3.3 million for the three and nine months ended September 30, 2011 when compared to the same period in 2010 primarily due to the respective change in pre-tax book income for both periods noted.

CH Energy Group

In addition to the impacts on Central Hudson discussed above, CH Energy Group's sales volumes, revenues and operating expenses, income taxes and other income were impacted by Griffith and the other businesses described below. The results of Griffith and the other businesses described below exclude inter-company interest income and expense which are eliminated in consolidation.

Income Statement Variances
(Dollars In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Increase/(Decrease) in Amount	Increase/(Decrease) in Percent
Operating Revenues	$ 221,055	$ 223,657	$ (2,602)	(1.2) %
Operating Expenses:				
Purchased electricity, fuel, natural gas and petroleum	110,635	114,375	(3,740)	(3.3) %
Depreciation and amortization	10,180	9,766	414	4.2 %
Other operating expenses	78,237	80,818	(2,581)	(3.2) %
Total Operating Expenses	199,052	204,959	(5,907)	(2.9) %
Operating Income	22,003	18,698	3,305	17.7 %
Other Income (Deductions), net	(2,387)	(11,379)	8,992	79.0 %
Interest Charges	11,155	6,879	4,276	62.2 %
Income before income taxes, non-controlling interest and preferred dividends of subsidiary	8,461	440	8,021	1,823.0 %
Income Taxes (Benefit)	3,550	(1,360)	4,910	361.0 %
Net income from continuing operations	4,911	1,800	3,111	172.8 %
Net income from discontinued operations, net of tax	3,659	333	3,326	998.8 %
Non-controlling interest in subsidiary	-	112	(112)	(100.0) %
Dividends declared on Preferred Stock of subsidiary	242	242	-	- %
Net income attributable to CH Energy Group	$ 8,328	$ 1,779	$ 6,549	368.1 %

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Increase/(Decrease) in Amount	Increase/(Decrease) in Percent
Operating Revenues	$ 755,694	$ 723,442	$ 32,252	4.5 %
Operating Expenses:				
Purchased electricity, fuel, natural gas and petroleum	399,780	381,384	18,396	4.8 %
Depreciation and amortization	30,599	29,049	1,550	5.3 %
Other operating expenses	253,017	234,238	18,779	8.0 %
Total Operating Expenses	683,396	644,671	38,725	6.0 %
Operating Income	72,298	78,771	(6,473)	(8.2) %
Other Income (Deductions), net	853	(10,126)	10,979	108.4 %
Interest Charges	27,640	21,287	6,353	29.8 %
Income before income taxes, non-controlling interest and preferred dividends of subsidiary	45,511	47,358	(1,847)	(3.9) %
Income Taxes	17,213	17,278	(65)	(0.4) %
Net income from continuing operations	28,298	30,080	(1,782)	(5.9) %
Net income (loss) from discontinued operations, net of tax	3,659	(643)	4,302	669.1 %
Non-controlling interest in subsidiary	-	(272)	272	100.0 %
Dividends declared on Preferred Stock of subsidiary	727	727	-	- %
Net income attributable to CH Energy Group	$ 31,230	$ 28,982	$ 2,248	7.8 %

Griffith

Sales Volumes

Delivery and sales volumes for Griffith vary in response to weather conditions, changes in our customer base and customer behavior. Deliveries of petroleum products used for heating purposes peak in the winter. Sales also vary as customers respond to the price of the particular energy product and changes in local economic conditions.

Changes in sales volumes of petroleum products, including the impact of acquisitions, are set forth below.

Actual & Weather Normalized Deliveries
(In Thousands of Gallons)

	Actual Deliveries				Weather Normalized Deliveries(1)			
	Three Months Ended September 30,		Increase / (Decrease) in		Three Months Ended September 30,		Increase / (Decrease) in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Heating Oil								
Base company volume(2)	2,383	2,117	266	13 %	2,362	2,209	153	7 %
Acquisitions volume	45	6	39	▲ %	45	6	39	▲ %
Total Heating Oil	2,428	2,123	305	14 %	2,407	2,215	192	9 %
Motor Fuels								
Base company volume(2)	10,939	12,132	(1,193)	(10) %	10,939	12,132	(1,193)	(10) %
Acquisitions volume	816	4	812	▲ %	816	4	812	▲ %
Total Motor Fuels	11,755	12,136	(381)	(3) %	11,755	12,136	(381)	(3) %
Propane and Other								
Base company volume(2)	100	95	5	5 %	99	98	1	1 %
Total Propane and Other	100	95	5	5 %	99	98	1	1 %
Total								
Base company volume(2)	13,422	14,344	(922)	(6) %	13,400	14,439	(1,039)	(7) %
Acquisitions volume	861	10	851	▲ %	861	10	851	▲ %
Total	14,283	14,354	(71)	- %	14,261	14,449	(188)	(1) %

(1) Griffith uses an internal analysis based on historical weather data to remove the estimated impacts of weather on delivery volumes.
(2) For the purpose of this chart, "Base company" excludes any impact from acquisitions made by Griffith in 2011.
▲ Percentage change greater than 500%

Actual & Weather Normalized Deliveries
(In Thousands of Gallons)

	Actual Deliveries				Weather Normalized Deliveries[1]			
	Nine Months Ended September 30,		Increase / (Decrease) in		Nine Months Ended September 30,		Increase / (Decrease) in	
	2011	2010	Amount	Percent	2011	2010	Amount	Percent
Heating Oil								
Base company volume[2]	21,248	22,933	(1,685)	(7) %	21,234	23,549	(2,315)	(10) %
Acquisitions volume	439	6	433	▲ %	439	6	433	▲ %
Total Heating Oil	21,687	22,939	(1,252)	(5) %	21,673	23,555	(1,882)	(8) %
Motor Fuels								
Base company volume[2]	32,077	34,779	(2,702)	(8) %	32,077	34,779	(2,702)	(8) %
Acquisitions volume	2,214	4	2,210	▲ %	2,214	4	2,210	▲ %
Total Motor Fuels	34,291	34,783	(492)	(1) %	34,291	34,783	(492)	(1) %
Propane and Other								
Base company volume[2]	734	746	(12)	(2) %	734	764	(30)	(4) %
Total Propane and Other	734	746	(12)	(2) %	734	764	(30)	(4) %
Total								
Base company volume[2]	54,059	58,458	(4,399)	(8) %	54,045	59,092	(5,047)	(9) %
Acquisitions volume	2,653	10	2,643	▲ %	2,653	10	2,643	▲ %
Total	56,712	58,468	(1,756)	(3) %	56,698	59,102	(2,404)	(4) %

(1) Griffith uses an internal analysis based on historical weather data to remove the estimated impacts of weather on delivery volumes.
(2) For the purpose of this chart, "Base company" excludes any impact from acquisitions made by Griffith in 2011.
▲ Percentage change greater than 500%

Actual and Weather Normalized Delivery Volumes as % of Total Volumes

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011		2010		2011		2010	
	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized
Heating Oil - Base Company	17%	17%	15%	15%	37%	37%	39%	40%
Heating Oil - Acquisitions	-%	-%	-%	-%	1%	1%	-%	-%
Motor Fuels - Base Company	78%	78%	84%	84%	57%	57%	60%	59%
Motor Fuels - Acquisitions	4%	4%	-%	-%	4%	4%	-%	-%
Propane and Other - Base Company	1%	1%	1%	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Sales of petroleum products decreased slightly (less than 1%) in the three months ended September 30, 2011 compared to the same period in 2010 due primarily to a decrease in motor fuels volume which continues to be depressed by the sluggish economy. This decrease was offset by an increase in the sale of petroleum products related to acquisitions completed in 2011 and the third quarter of 2010.

Sales of petroleum products decreased 3% in the nine months ended September 30, 2011 compared to the same period in 2010 due primarily to customer conservation in response to higher oil prices, partially offset by an increase in sales related to acquisitions.

Gross Profit

A breakdown of Griffith's gross profit by product and service line for the three and nine months ended September 30, 2011 and 2010 illustrated below (Dollars in Thousands):

	Three Months Ended September 30,			
Product and Service Line	2011		2010	
Heating oil - Base Company	$ 1,208	16%	$ 1,115	15%
Heating oil - Acquisitions	25	-%	-	-%
Motor fuels - Base Company	2,644	36%	2,724	38%
Motor fuels - Acquisitions	210	3%	-	-%
Propane and Other - Base Company	78	1%	88	1%
Service and installations - Base Company	3,064	41%	3,109	43%
Service and installations - Acquisitions	24	-%	-	-%
Other - Base Company	222	3%	233	3%
Total	$ 7,475	100%	$ 7,269	100%

	Nine Months Ended September 30,			
Product and Service Line	2011		2010	
Heating oil - Base Company	$ 16,704	46%	$ 16,530	46%
Heating oil - Acquisitions	262	1%	-	-%
Motor fuels - Base Company	7,742	21%	7,978	23%
Motor fuels - Acquisitions	591	2%	-	-%
Propane and Other - Base Company	953	3%	1,010	3%
Service and installations - Base Company	9,227	25%	9,343	26%
Service and installations - Acquisitions	64	-%	-	-%
Other - Base Company	802	2%	896	2%
Total	$ 36,345	100%	$ 35,757	100%

Revenues

Change in Griffith Revenues
(In Thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Increase / (Decrease)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Increase / (Decrease)
Revenues						
Heating Oil(1)	$ 8,475	$ 5,532	$ 2,943	$ 77,235	$ 65,768	$ 11,467
Heating Oil - Acquisitions	162	15	147	1,526	15	1,511
Motor Fuels(1)	36,077	28,411	7,666	104,930	83,050	21,880
Motor Fuels - Acquisitions	2,679	11	2,668	7,345	11	7,334
Other(1)	558	460	98	3,576	2,923	653
Service Revenues(1)	4,595	4,778	(183)	13,630	14,019	(389)
Service Revenues - Acquisitions	41	23	18	100	22	78
Total	$ 52,587	$ 39,230	$ 13,357	$ 208,342	$ 165,808	$ 42,534

(1) These line items exclude the impact of acquisitions made by Griffith in 2011 and 2010 for the analysis which compares the three and nine months ended September 30, 2011 to 2010.

Revenues, net of the effect of weather hedging contracts increased in the three and nine months ended September 30, 2011 compared to the same period in 2010, due primarily to an increase in wholesale prices partially offset by a decline in sales volume.

Operating Expenses

For the three months ended September 30, 2011, operating expenses increased $13.4 million, or 32%, from $42.4 million in 2010 to $55.8 million in 2011 due to an increase in the cost of petroleum products of $13.3 million, or 44%, driven by higher wholesale market prices and partially offset by a decline in sales volume.

For the nine months ended September 30, 2011, operating expenses increased $42.2 million, or 26%, from $163.8 million in 2010 to $206 million in 2011. The cost of petroleum products increased $42.2 million, or 34%, due to higher wholesale market prices.

Other Businesses and Investments

Revenues and Operating Expenses

Revenue and operating expenses of other businesses and investments include the results of operations of CH-Greentree and are included in the Consolidated Financial Statements of CH Energy Group. Results remained constant for this CHEC subsidiary during the three and nine months ended September 30, 2011 as compared to the same periods in the prior year.

Revenues and operating expenses associated with Lyonsdale, CH Shirley Wind and CH-Auburn are included in discontinued operations section in the Consolidated Financial Statements of CH Energy Group. Revenues decreased $2.3 million and $1.9 million and operating expenses decreased $2.1 million and $3.9 million during the three and nine months ended September 30, 2011 compared to the same periods in 2010. The primary driver of these results in the three and nine month periods is the sale of Lyonsdale in May 2011 partially reduced by operations of CH Shirley Wind which began in December 2010.

Other Income and Interest Charges

Other income and deductions and interest charges for the balance of CH Energy Group Holding Company and CHEC's investments in partnerships and other investments (other than Griffith) for the three and nine months ended September 30, 2011 increased by $5.1 and $5.9 million compared to the same periods in 2010. The increase in other income and deductions is primarily the result of impairment charges for 100% of CHEC's subordinated debt, accrued interest and equity investment in Cornhusker Holdings of $11.4 million in the third quarter of 2010 and a wind investment in the third quarter of 2011 of $3.6 million. In addition, following the sale of Shirley Wind, CH Energy Group Holding Company paid down $20 million of its 2009 Series A private placement debt. As a result, a prepayment penalty of approximately $3.0 million was incurred. Additional increases in both periods in 2011 compared to prior periods is due to the losses incurred during operations in 2010 related to Cornhusker operations as compared to modest income in 2011 which related to CHEC's share of a small ethanol producer's tax credit.

CH Energy Group – Income Taxes

Income taxes on income from continuing operations for CH Energy Group increased $4.9 million and decreased $0.1 million for the three and nine months ended September 30, 2011, compared to the same periods in 2010, primarily due to a change in pre-tax book income and the impact on the effective rate due to a third quarter 2010 adjustment to NYS excess deferred taxes.

CAPITAL RESOURCES AND LIQUIDITY

CH Energy Group's book value per share of its Common Stock decreased from $34.03 at December 31, 2010, to $33.31 at September 30, 2011. Common equity comprised 47.7% of total capital (including short-term debt) at September 30, 2011, a decrease from 50.6% at December 31, 2010. The changes in book value per share of common stock and common equity ratio reflect the net impact of retained earnings and share repurchases during the nine months ended September 30, 2011. Book value per share at September 30, 2010 was $33.98 and the common equity ratio was 50.6%.

Cash Flow Summary - CH Energy Group and Central Hudson

Changes in CH Energy Group’s and Central Hudson's cash and cash equivalents resulting from operating, investing, and financing activities are summarized in the following chart (In Millions):

	CH Energy Group Nine Months Ended September 30,		Central Hudson Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Cash Provided By/(Used In):				
Operating Activities	$ 94.8	$ 51.3	$ 97.1	$ 51.5
Investing Activities	(10.1)	(80.4)	(61.1)	(53.4)
Financing Activities	(57.3)	(10.6)	(1.0)	15.0
Net change for the period	27.4	(39.7)	35.0	13.1
Balance at beginning of period	29.4	73.4	9.6	4.8
Balance at end of period	$ 56.8	$ 33.7	$ 44.6	$ 17.9

Central Hudson’s cash and cash equivalents increased by $35.0 million and $13.1 million for the nine months ended September 30, 2011 and 2010, respectively. CH Energy Group’s cash and cash equivalents increased $27.4 million and decreased $39.7 million for the nine months ended September 30, 2011 and 2010, respectively.

Central Hudson’s net cash provided by operations was $97.1 million and $51.5 million for the nine months ended September 30, 2011 and 2010, respectively. Cash provided by sales exceeded the period’s expenses and working capital needs in the first nine months of 2011 and 2010, including the storm restoration costs paid for incremental electric service restoration efforts for both years, which have been deferred for future recovery from customers. As of September 30, 2011 there is approximately $9.4 million related to storm restoration efforts included in liabilities resulting from the impact of Tropical Storm Irene on Central Hudson’s service territory. Central Hudson utilized cash from operations in excess of working capital needs to fund additional contributions to its pension and OPEB plans, which totaled $33.7 million and $36.1 million during the first nine months of 2011 and 2010, respectively. Costs spent for MGP remediation efforts in excess of amounts collected in rates of approximately $10.8 million also impacted the cash from operations in 2010. In 2011, amounts collected in rates were greater than remediation efforts as a result of the completion of remediation efforts at Newburgh. Remediation efforts at the Catskill site are expected to begin in 2012. In addition, net cash provided by operating activities at CH Energy Group was negatively impacted during the nine months ended September 30, 2011 and 2010 primarily due to an increase in Griffith’s working capital and the prepayment penalty incurred by CH Energy Group Holding Company for the early retirement of debt with a portion of the proceeds from the Shirley Wind sale.

Central Hudson's net cash used in investing activities of $61.1 million and $53.4 million in the nine months ended September 30, 2011 and 2010, respectively, was primarily for investments in Central Hudson's electric and natural gas transmission and distribution systems.

Proceeds from the sale of CHEC investments in renewable energy, including Lyonsdale, Shirley Wind and CH-Auburn, and proceeds from the receipt of federal grants, reduced by additional investments in Shirley Wind and Griffith and acquisitions made by Griffith in 2011, impacted net cash used in investing activities of CH Energy Group for the nine months ended September 30, 2011.

Central Hudson's net cash (used in) provided by financing activities was ($1.0) million and $15.0 million, respectively, for the nine months ended September 30, 2011 and 2010. During 2011, Central Hudson paid dividends of $33 million to parent CH Energy Group. No dividends were paid to parent during the nine months ended September 30, 2010. In the third quarter of 2011, Central Hudson issued $33.4 million of medium term notes, the proceeds of which will be used to refund the 1999 NYSERDA Series A bonds in November 2011. In the third quarter of 2010, Central Hudson issued $40 million in private placement long-term debt. Central Hudson used a portion of these proceeds for refunding maturing long-term debt and retained the rest for general corporate purposes. CH Energy Group's short term borrowings for the nine months ended September 30, 2011 were used primarily to supplement working capital. CH Energy Group used the proceeds from the sale of CHEC renewable energy investments to pay down debt associated with these investments and to repurchase Common Stock outstanding. CH Energy Group repurchased approximately $48.6 million of outstanding CH Energy Group Common Stock and returned the shares to treasury during the nine months ended September 30, 2011, which included an Accelerated Share Repurchase program under which CH Energy Group paid $30 million and received 554,017 shares from a third party agent on August 17, 2011. Dividends paid on Common Stock outstanding in both periods also impact net cash from financing activities for CH Energy Group.

Capitalization – Issuance of Treasury Stock

Effective July 1, 2011, employer matching contributions to an eligible employee's Savings Incentive Plan ("SIP") account will be paid in either cash or in CH Energy Group Common Stock. During the third quarter of 2011, CH Energy Group began making employer matching contributions to the SIP with the issuance of treasury shares. Management expects employer matching contributions to be approximately 48,000 shares per year.

For information regarding equity compensation and the purchase of treasury shares, see Note 11 - "Equity Based Compensation" of this Quarterly Report on Form 10-Q.

Contractual Obligations

Other contractual obligations and commitments of CH Energy Group are disclosed in Note 12 – "Commitments and Contingencies" of this Quarterly Report on Form 10-Q under the caption "Electric Purchase Commitments."

Central Hudson determines the amount it will contribute to its pension plan (the "Retirement Plan") based on several factors, including the value of plan assets relative to plan liabilities, the discount rate, expected return on plan assets, legislative requirements, regulatory considerations, and available corporate resources. The amount of the Retirement Plan's liabilities is affected by the discount rate used to determine benefit obligations and the accrual of additional benefits. Funding for the Retirement Plan totaled $32.0 million and $31.4 million for the nine months ended September 30, 2011 and 2010, respectively. No additional funding of the plan is expected for the remainder of 2011.

During the nine months ended September 30, 2011 and 2010 employer contributions for OPEB plans were $1.2 million and $4.3 million, respectively. The determination of future funding depends on a number of factors, including the discount rate, expected return on plan assets, medical claims assumptions used, benefit changes, regulatory considerations and corporate resources. No additional funding of the plan is expected for the remainder of 2011.

During the first quarter of 2010, Management began a transition to a long-duration investment strategy that is intended to reduce the year-to-year volatility of the funded status of the plan and of the level of contributions by more closely aligning the characteristics of plan assets with liabilities. Management cannot currently predict what impact future financial market volatility may have on the funded status of the plan or future funding decisions.

Under the policy of the PSC regarding pension and OPEB costs, Central Hudson recovers these costs through customer rates with differences between actual cost and rate allowances deferred for future recovery from or return to customers. Based on the current policy, Central Hudson expects to fully recover its net periodic pension and OPEB costs over time.

Financing Program

CH Energy Group believes that it is well positioned with a strong balance sheet and strong liquidity. Significant capacity is available on CH Energy Group's and Central Hudson's committed credit facilities. Central Hudson's investment-grade credit ratings help facilitate access to long-term debt. However, Management can make no assurance in regards to the continued availability of financing or the terms and costs. With the exception of the issuance of treasury shares to satisfy its obligations under certain employee benefit plans and compensation plans, no equity issuance is currently planned for 2011.

At September 30, 2011, CH Energy Group and its subsidiaries maintained credit facilities with JPMorgan Chase Bank, N.A., Bank of America, N.A., HSBC Bank USA, N.A. and KeyBank National Association. On October 19, 2011, Central Hudson entered into a new $150 million committed revolving credit facility with JPMorgan Chase Bank, N.A., Bank of America, N.A., HSBC Bank USA, N.A., KeyBank National Association and RBS Citizens Bank, N.A. as the participating banks. The new credit facility has a term of up to five years. The existing $125 million facility was terminated as of the effective date of the new agreement. If these lenders are unable to fulfill their commitment under these facilities, funding may not be available as needed.

Outstanding Balances
(In Thousands)

	September 30, 2011	December 31, 2010	September 30, 2010
CH Energy Group Holding Company:			
Current maturities of long-term debt at Holding Company	$ 973	$ 941	$ -
$150 million revolving credit facility at Holding Company	5,000	-	-
Central Hudson:			
Current maturities of long-term debt	69,400	-	-
$125 million revolving credit facility	-	-	-
CH Energy Group Consolidated:			
Current maturities of long-term debt at Holding Company and Central Hudson	70,373	941	-
$150 million revolving credit facility at Holding Company, $125 million at Central Hudson	5,000	-	-

Central Hudson's current senior unsecured debt rating/outlook is 'A'/stable by both Standard & Poor's Rating Services ("Standard & Poor's") and Fitch Ratings and 'A3'/stable by Moody's Investors Service ("Moody's") [1].

1 These ratings reflect only the views of the rating agency issuing the rating, are not recommendations to buy, sell, or hold securities of Central Hudson and may be subject to revision or withdrawal at any time by the rating agency issuing the rating. Each rating should be evaluated independently of any other rating.

CH Energy Group and Central Hudson believe they will be able to meet their short-term and long-term cash requirements, assuming that Central Hudson's future rate plans reflect the costs of service, including a reasonable return on invested capital.

NYSERDA

Central Hudson's Series B NYSERDA Bonds total $33.7 million at September 30, 2011. These bonds are tax-exempt multi-modal bonds that are currently in a variable rate mode. In its Orders, the PSC has authorized deferral accounting treatment for variations in the interest costs from these bonds. As such, variations between the actual interest rates on these bonds and the interest rate included in the current delivery rate structure for these bonds are deferred for future recovery from or refund to customers and do not have any impact on earnings.

To mitigate the potential cash flow impact from unexpected increases in short-term interest rates on Series B Bonds, Central Hudson purchased an interest rate cap based on an index of short-term tax-exempt debt. The rate cap is two years in length with a notional amount aligned with Series B and will expire on April 1, 2012. The cap is based on the monthly weighted average of an index of tax-exempt variable rate debt, multiplied by 175%. Central Hudson would receive a payout if the adjusted index exceeds 5.0% for a given month.

Central Hudson is currently evaluating what actions, if any, it may take in the future in connection with its Series B NYSERDA Bonds. Potential actions may include converting the debt to another interest rate mode or refinancing with taxable bonds.

On September 30, 2011, Central Hudson issued $33.4 million of its Series G registered unsecured Medium Term Notes in two maturities. The first maturity bears interest at the rate of 3.378% per annum on a principal amount of $23.4 million and matures on April 1, 2022. The second maturity bears interest at the rate of 4.707% per annum on a principal amount of $10.0 million and matures on April 1, 2042. On September 29, 2011, a notice of redemption was provided to NYSERDA and as such, the 1999 Series A bonds are shown as current maturities of long-term debt in the Central Hudson and CH Energy Group Consolidated Balance Sheets. In November 2011, Central Hudson used the proceeds from the sale of the notes for refunding its 1999 Series A NYSERDA Bonds in the principal amount of $33.4 million bearing interest at the rate of 5.45%. No bonds of this 1999 Series A remained outstanding following the redemption.

For additional information related to CH Energy Group's and Central Hudson's financing program, please see Note 7 – "Short-term Borrowing Arrangements," Note 8 – "Capitalization – Common and Preferred Stock" and Note 9 – "Capitalization – Long-term Debt" to the Financial Statements of the Corporations' 10-K Annual Report.

REGULATORY MATTERS – PSC PROCEEDINGS

Petition of Central Hudson Gas & Electric Corporation for Commission Approval of a Plan for Deferred Accounting for Future Recovery with Carrying Charges of Three Items and Funding These and Certain Other Deferrals through Balance Sheet Offsets

(Case 10-M-0473)

Background: On September 23, 2010, Central Hudson filed a petition with the PSC to defer for future recovery with carrying charges $19.4 million incremental electric storm restoration expense, $2.6 million incremental electric bad debt write-off expense, $1.9 million incremental electric property tax expense and $0.7 million incremental gas property tax expense above the respective rate allowances during the twelve months ended June 30, 2010. In December 2010, Central Hudson provided an update and amended the incremental storm expense deferral request to $19.7 million. The petition also requested approval for recovery via offsets of the foregoing against significant tax refunds resulting from a change in the way Central Hudson treats certain capital expenditures for tax purposes. Additional offsets against other deferred items, notably including MGP site investigation and remediation costs were also included in the petition given the size of the tax refunds. On April 14, 2011, the Commission issued an Order authorizing deferral of $18.8 million (denial of $0.8 million) of the incremental electric storm restoration expense and the $2.6 million of incremental bad debt expense and denying deferral of the Company's $2.5 million of incremental electric and gas property tax expense. The PSC also approved the ratemaking treatment proposed by the Company in its filing and the offsets have been recorded as of March 31, 2011. On May 13, 2011, Central Hudson filed a Petition for Clarification and Rehearing on the PSC's April 14, 2011 Order. The petition seeks clarification concerning recovery of the costs to achieve and rehearing for reconsideration and recovery of a portion of certain costs denied by the Commission for deferral accounting treatment proposed by the Company in its September 23, 2010 petition filing related to the incremental electric storm restoration expense. Central Hudson cannot predict the final outcome of this proceeding.

Management Audit

(Case 09-M-0764 – Comprehensive Management Audit of Central Hudson Gas & Electric Business)

Background: In February 2010, the PSC selected NorthStar Consulting Group ("NorthStar") as the independent third-party consultant to conduct a comprehensive management audit of Central Hudson's construction planning processes and operational efficiencies of its electric and gas businesses. The PSC is allowed to audit New York utilities every five years. Audit work officially commenced on March 24, 2010. In October 2010, the audit scope was expanded to examine affiliate transactions and accounting. A final report to the PSC of NorthStar's findings and recommendations was completed February 28, 2011. On March 25, 2011, Central Hudson filed its audit comment letter with the PSC. On May 20, 2011, the Commission accepted NorthStar's Audit Report and issued its Order directing Central Hudson to file an implementation plan based on the report's twenty recommendations. Central Hudson submitted its implementation plan to the Commission on July 1, 2011. The DPS Staff has initiated discovery on the implementation plan with a series of data requests. On September 15, 2011, Central Hudson presented an interim mid-term review to the DPS Staff to discuss the Company's progress on the twenty recommendations. The Company's first Implementation Plan filing to report on its progress is due November 1, 2011. No prediction can be made regarding the outcome of the matter at this time.

SIR Proceeding

(Case 11-M-0034 – Proceeding on Motion of the Commission to Commence a Review and Evaluation of the Treatment of the States' Regulated Utilities' Site Investigation and Remediation ("SIR") Costs)

Background: In February 2011, the PSC initiated a proceeding to review and evaluate the treatment of MGP SIR costs. In addition to all the NYS gas and electric utilities and Department of Public Safety Staff, Multiple Intervenors, the NYS Department of Environmental Conservation and the Environmental Energy Alliance are parties to the case. The proceeding began with a data gathering phase from all utilities on the history of sites and efforts and also to address cost control issues, allocation of responsibility and alternate rate treatments. In keeping with the Commission's interest in having this proceeding move forward expeditiously and requiring that recommendations on these issues be presented for its determination before the end of the year, the Administrative Law Judge has established a case procedure and schedule, adopting a comment oriented proceeding:

· Staff Discovery	Ongoing
· Staff Policy Whitepaper	June 29
· Technical Conference	July 12
· Initial Comments	August 4
· Reply Comments	September 9

In addition to providing the SIR case history, an overview of Federal and NYS regulatory context, MGP sites' histories, current Commission SIR rate treatment and a discussion of utility comments, Staff's Whitepaper reports that there does not appear to be any deficiency in utility cost control practices, with adequate controls in place. Staff also finds that rate recovery for prudent and verifiable legally imposed clean up costs is a reasonable approach and warns that sharing or less than full recovery will have cost capital impacts. No prediction can be made regarding the outcome of the matter at this time.

Energy Efficiency Portfolio Standard and State Energy Planning

(Case 07-M-0548 - Proceeding on Motion of the PSC Regarding an Energy Efficiency Portfolio Standard and Governor Paterson's Executive Order issued April 9, 2008)

Background: New York State has established a goal of substantially reducing electricity usage and created a State Energy Planning Board which is authorized to create and implement a State Energy Plan ("SEP"). In support of this goal, the PSC is investigating various approaches to reduce customers' demand for energy and to provide utility incentives for meeting specified energy savings targets.

Notable Activity:

- During 2009 and 2010 Central Hudson received approval through the Energy Efficiency Portfolio Standard ("EEPS") proceedings to implement various programs to electric and natural gas residential and commercial customers.
- In December 2010, the PSC issued an Order combining energy savings targets to create a single 2008-2011 target and continuing the system of utility shareholder financial incentives established in the EEPS proceeding. Calendar year targets will be in effect for 2012 and beyond.
- At the end of September 2011, Central Hudson achieved enough projected energy savings through committed contracts with residential and commercial customers to earn incentives under the 2008-2011 defined targets. The incentive amount achieved is immaterial as of September 30, 2011. However, Management believes additional incentives will be achieved in the fourth quarter, which will result in an increase to earnings as the incentives are earned.
- In a statewide Order issued October 25, 2011, the PSC reauthorized Central Hudson's EEPS programs subject to continuous improvement, for the four year period ending December 31, 2015. The Order also directed the Secretary to initiate a process to establish a new two-step incentive mechanism within the first quarter of 2012, with the first step oriented toward individual utility performance and the second step oriented toward the achievement of statewide jurisdictional goals to be in effect 2012 through 2015. This new mechanism would only contain positive incentive adjustments.

Other PSC Proceedings

During the third quarter of 2011, there has been no significant activity related to the following proceedings:

- Advanced Metering Infrastructure
- The American Recovery and Reinvestment Act of 2009

OTHER MATTERS

Changes in Accounting Standards

See Note 1 – "Summary of Significant Accounting Policies" and Note 3 – "New Accounting Guidance" for discussion of relevant changes, which discussion is incorporated by reference herein.

Off-Balance Sheet Arrangements

CH Energy Group and Central Hudson do not have any off-balance sheet arrangements.

FORWARD-LOOKING STATEMENTS

Statements included in this Quarterly Report on Form 10-Q and any documents incorporated by reference which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Exchange Act. Forward-looking statements may be identified by words including "anticipates," "intends," "estimates," "believes," "projects," "expects," "plans," "assumes," "seeks," and similar expressions. Forward-looking statements including, without limitation, those relating to CH Energy Group's and Central Hudson's future business prospects, revenues, proceeds, working capital, investment valuations, liquidity, income, and margins, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to several important factors, including those identified from time-to-time in the forward-looking statements. Those factors include, but are not limited to: deviations from normal seasonal weather and storm activity; fuel prices; energy supply and demand; potential future acquisitions; legislative, regulatory, and competitive developments; interest rates; access to capital; market risks; electric and natural gas industry restructuring and cost recovery; the ability to obtain adequate and timely rate relief; changes in fuel supply or costs including future market prices for energy, capacity, and ancillary services; the success of strategies to satisfy electricity, natural gas, fuel oil, and propane requirements; the outcome of pending litigation and certain environmental matters, particularly the status of inactive hazardous waste disposal sites and waste site remediation requirements; and certain presently unknown or unforeseen factors, including, but not limited to, acts of terrorism. CH Energy Group and Central Hudson undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Given these uncertainties, undue reliance should not be placed on the forward-looking statements.

ITEM 3 - Quantitative and Qualitative Disclosures About Market Risk

Reference is made to Part II, Item 7A of the Corporations' 10-K Annual Report for a discussion of market risk. The practices employed by CH Energy Group and Central Hudson to mitigate these risks - which were discussed in the Corporations' 10-K Annual Report - continue to operate effectively. For related discussion on this activity, see, in the Financial Statements of the Corporations' 10-K Annual Report, Note 14 – "Accounting for Derivative Instruments and Hedging Activities" and Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the sub-caption "Capital Resources and Liquidity," and Note 9 – "Capitalization - Long-Term Debt" and Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the sub-caption "Financing Program" of this Quarterly Report on Form 10-Q.

ITEM 4 – Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of CH Energy Group and Central Hudson evaluated the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q and based on the evaluation, concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Corporations' controls and procedures are effective.

There were no changes to the Corporations' internal control over financial reporting that occurred during the Corporations' last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporations' internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – Legal Proceedings

For information about developments regarding certain legal proceedings, see Item 3 ("Legal Proceedings") of the Corporations' 10-K Annual Report, and Note 12 – "Commitments and Contingencies" of that 10-K and/or Note 12 – "Commitments and Contingencies" of this Quarterly Report on Form 10-Q.

ITEM 1A – Risk Factors

For a discussion identifying risk factors that could cause actual results to differ materially from those anticipated, see the discussion under "Item 1A – Risk Factors" of the Corporations' 10-K Annual Report.

ITEM 2 - Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides a summary of shares repurchased by CH Energy Group for the quarter ended September 30, 2011:

	Total Number of Shares Purchased(1)	Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs(3)
July 1-31, 2011	-	$ -	-	1,605,341
August 1-31, 2011	554,017	$ 54.15	554,017	1,051,324
September 1-30, 2011	-	$ -	-	1,051,324
Total	554,017	$ 54.15	554,017	

(1) Includes the repurchase of shares through the Company's authorized stock repurchase program.
(2) Actual price paid per share of CH Energy Group's common stock on the date the stock was repurchased.
(3) On July 31, 2007, the Board of Directors authorized the repurchase of up to 2,000,000 shares or approximately 13% of CH Energy Group's outstanding common stock on that date, from time to time, over the five year period ending July 31, 2012.

ITEM 6 – Exhibits

Incorporated herein by reference to the Exhibit Index for this Quarterly Report on Form 10-Q, which is located immediately after the signature pages to this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

CH ENERGY GROUP, INC.
(Registrant)

By:/s/ Kimberly J. Wright
Kimberly J. Wright
Vice President - Accounting and Controller

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
(Co-Registrant)

By:/s/ Kimberly J. Wright
Kimberly J. Wright
Controller

Dated: November 9, 2011

EXHIBIT INDEX

Following is the list of Exhibits, as required by Item 601 of Regulation S-K, filed as part of this Quarterly Report on Form 10-Q:

Exhibit No. (Regulation S-K Item 601 Designation)	Exhibit Description
10.1	Accelerated Share Repurchase Agreement, dated August 16, 2011, between CH Energy Group, Inc. and J.P. Morgan Securities LLC.
12.1	CH Energy Group Statement showing the computation of the ratio of earnings to fixed charges.
12.2	Central Hudson Statement showing the computation of the ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred dividends.
31.1.1	Rule 13a-14(a)/15d-14(a) Certification by Mr. Lant.
31.1.2	Rule 13a-14(a)/15d-14(a) Certification by Mr. Capone.
31.2.1	Rule 13a-14(a)/15d-14(a) Certification by Mr. Lant.
31.2.2	Rule 13a-14(a)/15d-14(a) Certification by Mr. Capone.
32.1.1	Section 1350 Certification by Mr. Lant.
32.1.2	Section 1350 Certification by Mr. Capone.
32.2.1	Section 1350 Certification by Mr. Lant.
32.2.2	Section 1350 Certification by Mr. Capone.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

EXHBIT 10.1

EXECUTION VERSION

August 16, 2011

CH Energy Group, Inc.
284 South Avenue
Poughkeepsie, New York 12601-4839

Ladies and Gentlemen:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Transaction entered into between J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (the "**Seller**"), and CH Energy Group, Inc., a New York corporation (the "**Purchaser**"), on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

This Confirmation evidences a complete and binding agreement between the Seller and the Purchaser as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "**Agreement**") as if the Seller and the Purchaser had executed an agreement in such form (but without any Schedule except for the election of the laws of the State of New York as the governing law but without regard to its choice of law provisions), on the Trade Date. In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement.

ARTICLE 1
Definitions

Section 1.01 . *Definitions.* (a) As used in this Confirmation, the following terms shall have the following meanings:

"**10b-18 VWAP**" means, (A) for any Trading Day described in clause (x) of the definition of Trading Day hereunder, the volume-weighted average price at which the Common Stock trades as reported in the composite transactions for United States exchanges and quotation systems, during the regular trading session for the Exchange (or, if applicable, the Successor Exchange on which the Common Stock has been listed in accordance with Section 7.01(c)) on such Trading Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Trading Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Trading Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Trading Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent, or (B) for any Trading Day that is described in clause (y) of the definition of Trading Day hereunder, an amount determined in good faith by the Calculation Agent as 10b-18 VWAP. The Purchaser acknowledges that the Calculation Agent may refer to the Bloomberg Page "CHG US <Equity> AQR SEC" (or any successor thereto), in its judgment, for such Trading Day to determine the 10b-18 VWAP.

"**Additional Termination Event**" has the meaning set forth in Section 7.01.

“**Agreement**” has the meaning set forth in the second paragraph of this Confirmation.

“**Affected Party**” has the meaning set forth in Section 14 of the Agreement.

“**Affected Transaction**” has the meaning set forth in Section 14 of the Agreement.

“**Affiliated Purchaser**” means any “affiliated purchaser” (as such term is defined in Rule 10b-18) of the Purchaser.

“**Alternative Termination Delivery Unit**” means (i) in the case of a Termination Event (other than following consummation of a Merger Event or Nationalization) or Event of Default (as defined in the Agreement), one share of Common Stock and (ii) in the case of consummation of a Merger Event or Nationalization, a unit consisting of the number or amount of each type of property received by a holder of one share of Common Stock in such Merger Event or Nationalization; *provided* that if such Merger Event involves a choice of consideration to be received by holders of the Common Stock, an Alternative Termination Delivery Unit shall be deemed to include the amount of cash received by a holder who had elected to receive the maximum possible amount of cash as consideration for his shares.

“**Bankruptcy Code**” has the meaning set forth in Section 9.07.

“**Black-out Date**” shall mean April 2, 2012.

“**Business Day**” means any day on which the Exchange is open for trading.

“**Calculation Agent**” means JPMorgan Chase Bank, National Association.

“**Cash Distribution**” has the meaning set forth in Section 7.01(f).

“**Cash Distribution Amount**” means, for any “**Reference Period**” set forth in the Pricing Supplement, the amount specified in the Pricing Supplement for such Reference Period.

“**Cash Settlement Amount**” means an amount in cash equal to (i) the absolute value of the Settlement Number *multiplied by* (ii) the dollar volume weighted average price per share at which Seller or its designated affiliate executes purchases of shares of Common Stock during the Cash Settlement Purchase Period in respect of its hedge position for the Transaction.

“**Cash Settlement Purchase Period**” means the period during which the Seller purchases shares of Common Stock to unwind its hedge position following the Valuation Completion Date.

“**Common Stock**” has the meaning set forth in Section 2.01.

“**Communications Procedures**” has the meaning set forth in Annex C hereto.

“**Confirmation**” has the meaning set forth in the first paragraph of this letter agreement.

“**Contract Fee**” means the amount specified as such in the Pricing Supplement.

“**Contract Period**” means the period commencing on and including the Trade Date and ending on and including the date all payments or deliveries of shares of Common Stock pursuant to Section 3.01 or Section 7.03 have been made.

“**Default Notice Day**” has the meaning set forth in Section 7.02.

“**De-Listing**” has the meaning set forth in Section 7.01(c).

"**Discount**" means the amount specified as such in the Pricing Supplement.

"**Distribution Termination Event**" has the meaning set forth in Section 7.01(f).

"**Early Termination Date**" has the meaning set forth in Section 14 of the Agreement.

"**Event of Default**" has the meaning set forth in Section 14 of the Agreement.

"**Exchange**" means the New York Stock Exchange or any successor thereto.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Expiration Date**" means the 188th Trading Day following the Trade Date.

"**Extraordinary Cash Dividend**" means the per share cash dividend or distribution, or a portion thereof, declared by the Purchaser on shares of Common Stock that is classified by the board of directors of the Purchaser as an "extraordinary" dividend.

"**Floor Price**" has the meaning specified as such in the Pricing Supplement.

"**Indemnified Person**" has the meaning set forth in Section 9.02.

"**Indemnifying Party**" has the meaning set forth in Section 9.02.

"**Initial Delivery Percentage**" means the percentage specified as such in the Pricing Supplement.

"**Initial Number of Shares**" means the number of shares of Common Stock, rounded down to the nearest integer, equal to the product of (i) the Initial Delivery Percentage and (ii) the Purchase Price *divided by* the Initial Share Price.

"**Initial Settlement Date**" has the meaning set forth in Section 2.02.

"**Initial Share Price**" means $54.15.

"**Merger Event**" has the meaning set forth in Section 7.01(d).

"**Nationalization**" has the meaning set forth in Section 7.01(e).

"**New York Banking Day**" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

"**Number of Shares**" has the meaning set forth in Section 2.01.

"**Obligations**" has the meaning set forth in Section 9.02.

"**Ordinary Cash Dividend**" has the meaning set forth in Section 8.01(b).

"**Pricing Supplement**" means the Pricing Supplement attached hereto as Annex D.

"**Private Placement Agreement**" has the meaning set forth in Annex A hereto.

"**Private Placement Price**" means the private placement value of a share of Common Stock as determined in accordance with Annex A hereto.

"**Private Placement Shares**" has the meaning set forth in Section 3.01(b).

"**Private Placement Procedures**" has the meaning set forth in Annex A hereto.

"**Private Securities**" has the meaning set forth in Annex A hereto.

"**Purchase Price**" has the meaning set forth in Section 2.01.

"**Purchaser**" has the meaning set forth in the first paragraph of this Confirmation.

"**Purchaser Share Cap**" means, for any date, (i) 1,750,000 shares of Common Stock, *minus* (ii) the net number of shares of Common Stock delivered by the Purchaser to the Seller in respect of this Transaction on or prior to such date, *plus* (iii) the net number of shares of Common Stock delivered by the Seller to the Purchaser in respect of this Transaction on or prior to such date, subject to appropriate adjustments pursuant to Section 8.02(x).

"**Reference Period**" means, for any corresponding "**Cash Distribution Amount**" specified in the Pricing Supplement, the period specified in the Pricing Supplement for such Cash Distribution Amount.

"**Registered Shares**" has the meaning set forth in Section 3.01(b).

"**Registered Shares Fee**" means the amount specified as such in the Pricing Supplement.

"**Registration Procedures**" has the meaning set forth in Annex B hereto.

"**Regulation M**" means Regulation M under the Exchange Act.

"**Rule 10b-18**" means Rule 10b-18 promulgated under the Exchange Act (or any successor rule thereto).

"**SEC**" means the Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Seller**" has the meaning set forth in the first paragraph hereto.

"**Seller Share Cap**" means, for any date, (i) 7,800,000 shares of Common Stock *minus* (ii) the number of shares of Common Stock delivered by the Seller to the Purchaser in respect of this Transaction on or prior to such date, subject to appropriate adjustments pursuant to Section 8.02(x).

"**Seller Termination Share Purchase Period**" has the meaning set forth in Section 7.03.

"**Settlement Date**" means (i) if Section 3.01 is applicable, the fourth Business Day following the Valuation Completion Date; (ii) if settlement in cash is applicable pursuant to Section 3.01(d), the date of such cash payment determined in accordance with Section 3.01(d)(ii); (iii) if Section 3.01(e) is applicable, the Business Day immediately following the day on which the Seller informs the Purchaser, pursuant to Annex A hereto, of the number of Private Placement Shares required to be delivered; and (iv) if Section 3.01(f) is applicable, each of the dates so advised by the Seller pursuant to Annex B hereto.

"**Settlement Number**" means a number of shares of Common Stock, rounded down to the nearest integer and which number may be negative, equal to (i) the Valuation Number *minus* (ii) the Initial Number of Shares.

"**Settlement Shares**" has the meaning set forth in Section 3.01(b).

"**Share De-listing Event**" has the meaning set forth in Section 7.01(c).

"**Successor Exchange**" has the meaning set forth in Section 7.01(c).

"**Termination Amount**" has the meaning set forth in Section 7.02.

"**Termination Event**" has the meaning set forth in Section 14 of the Agreement.

"**Termination Price**" means the value of an Alternative Termination Delivery Unit to the Seller (determined as provided in Annex A hereto).

"**Termination Settlement Date**" has the meaning set forth in Section 7.03.

"**Trade Date**" has the meaning set forth in Section 2.01.

"**Trading Day**" means (x) any day (i) other than a Saturday, a Sunday or a day on which the Exchange is not open for business, (ii) during which trading of any securities of the Purchaser on any national securities exchange has not been suspended, (iii) during which there has not been, in the Seller's judgment, a material limitation in the trading of Common Stock or any options contract or futures contract related to the Common Stock, (iv) during which there has been no suspension pursuant to Section 4.02 of this Confirmation and (v) which is not a Black-out Date, or (y) any day that, notwithstanding the occurrence of events contemplated in clauses (ii), (iii) and (iv) of this definition, the Seller determines to be a Trading Day.

"**Transaction**" has the meaning set forth in the first paragraph of this Confirmation.

"**Valuation Completion Date**" has the meaning set forth in the Pricing Supplement.

"**Valuation Number**" means (i) the Purchase Price divided by (ii) the arithmetic average of the 10b-18 VWAPs for all of the Trading Days in the Valuation Period minus the Discount, as determined by the Calculation Agent in its sole judgment; provided that if the result of the calculation in clause (ii) is equal to or less than the Floor Price, then the Valuation Number shall be the Purchase Price divided by the Floor Price. For the avoidance of doubt, if the Discount is a negative number, the difference in clause (ii) of the immediately preceding sentence shall be equal to the arithmetic average of the 10b-18 VWAPs for all of the Trading Days in the Valuation Period plus the absolute value of the Discount.

"**Valuation Period**" means the period of consecutive Trading Days commencing on and including the first Trading Day following the Trade Date and ending on and including the Valuation Completion Date.

ARTICLE 2
Purchase of the Stock

Section 2.01 . *Purchase of the Stock.* Subject to the terms and conditions of this Confirmation, the Purchaser agrees to purchase from the Seller, and the Seller agrees to sell to the Purchaser, on August 16, 2011 or on such other Business Day as the Purchaser and the Seller shall otherwise agree (the "**Trade Date**"), a number of shares (the "**Number of Shares**") of the Purchaser's common stock, par value $0.10 per share (" **Common Stock**"), for a purchase price equal to $30,000,000.00 (the " **Purchase Price**"). The Number of Shares purchased by the Purchaser hereunder shall be determined in accordance with the terms of this Confirmation.

Section 2.02 . *Delivery and Payments.* On the first Business Day immediately following the Trade Date (such day, the " **Initial Settlement Date**"), the Seller shall deliver the Initial Number of Shares to the Purchaser, upon payment by the Purchaser of (i) an amount equal to the Purchase Price to the Seller and (ii) the Contract Fee to J.P. Morgan Securities LLC; *provided* that if the Seller is unable to borrow or otherwise acquire a number of shares of Common Stock equal to the Initial Number of Shares for delivery to the Purchaser on the Initial Settlement Date, the Initial Number of Shares shall be reduced to such number of shares of Common Stock as the Seller is able to borrow or otherwise acquire and any amounts payable by the Purchaser pursuant to this Article 2 shall be reduced correspondingly. Such delivery and payment shall be effected in accordance with the Seller's customary procedures.

Section 2.03 . *Conditions to Seller's Obligations.* The Seller's obligation to deliver the Initial Number of Shares to the Purchaser on the Initial Settlement Date is subject to the condition that the representations and warranties made by the Purchaser in the Agreement shall be true and correct as of the date hereof and the Initial Settlement Date.

ARTICLE 3
Subsequent Payments or Share Deliveries

Section 3.01 . *Subsequent Payments or Share Deliveries.* (a) (i) If the Settlement Number is greater than zero, the Seller shall deliver to the Purchaser a number of shares of Common Stock equal to the Settlement Number on the Settlement Date in accordance with the Seller's customary procedures; and

(ii) if the Settlement Number is less than zero, the Purchaser shall make a payment of cash or delivery of shares of Common Stock to the Seller in respect of the absolute value of the Settlement Number, as provided in this Section 3.01.

(b) Subject to Section 3.01(c) and pursuant to Section 3.01(a)(ii), payment of the absolute value of the Settlement Number by the Purchaser to the Seller shall be in cash or validly issued shares of Common Stock (" **Settlement Shares**"), and if in shares of Common Stock, then in shares to be sold in a private placement ("**Private Placement Shares**") or registered shares ("**Registered Shares**"), as the Purchaser shall elect, which binding election shall be made by written notice to the Seller no later than the close of business on the second Business Day following the Valuation Completion Date; *provided* that by making an election to deliver Settlement Shares pursuant to this Section 3.01(b), the Purchaser shall be deemed to make the representations and warranties in Section 5.01 as if made on the date of the Purchaser's election; and *provided further* that if the Purchaser fails to make such election by such date, the Purchaser shall be deemed to have elected settlement in cash.

(c) (i) Any election by the Purchaser to deliver the absolute value of the Settlement Number in Settlement Shares pursuant to clause (b) of this Section 3.01 shall not be valid, and settlement in cash shall apply, if the representations and warranties made by the Purchaser to the Seller in Section 5.01 are not true and correct in all material respects as of the date the Purchaser makes such election.

(ii) Notwithstanding any election by the Purchaser to make payment of the absolute value of the Settlement Number in Settlement Shares pursuant to clause (b) of this Section 3.01, at any time prior to the time the Seller (or any affiliate of the Seller) has contracted to resell all or any portion of such Settlement Shares, the Purchaser may elect to deliver in lieu of such Settlement Shares an amount in cash equal to the absolute value of the Settlement Number with respect to any Settlement Shares not yet contracted to be sold, in which case the provisions of Section 3.01(d) shall apply with respect to such amount; *provided* that any such election by the Purchaser pursuant to this clause (ii) shall not be valid and settlement in Settlement Shares shall continue to apply if the representations and warranties made by the Purchaser to the Seller in Section 5.01(a) are not true and correct in all material respects as of the date the Purchaser makes such election.

(iii) If the Purchaser elects to make payment of the absolute value of the Settlement Number pursuant to clause (b) of this Section 3.01 (A) in Private Placement Shares and fails to comply with the requirements set forth in Section 3.01(e) or Annex A hereto or takes any action that would make unavailable either (1) the exemption set forth in Section 4(2) of the Securities Act for the sale of any Private Placement Shares by the Purchaser to the Seller or (2) an exemption from the registration requirements of the Securities Act reasonably acceptable to the Seller for resales of Private Placement Shares by the Seller, or (B) in Registered Shares and fails to comply with the requirements set forth in Section 3.01(f) or Annex B hereto; then in the case of either (A) or (B), the Purchaser shall deliver in lieu of any Private Placement Shares or Registered Shares an amount in cash equal to the absolute value of the Settlement Number with respect to any Settlement Shares not yet sold, in which case the provisions of Section 3.01(d) shall apply with respect to such amount.

(d) (i) If the Purchaser elects to pay the absolute value of the Settlement Number pursuant to clause (b) of this Section 3.01 in cash, if settlement in cash is otherwise applicable in accordance with this Section 3.01, or if the Purchaser elects to make payment of the absolute value of the Settlement Number in Private Placement Shares pursuant to Section 3.01 (e), then the Calculation Agent shall determine an amount in cash equal to the Cash Settlement Amount.

(ii) If cash settlement is applicable, payment of the Cash Settlement Amount shall be made by wire transfer of immediately available U.S. dollar funds on the first Business Day immediately following the date of notification by the Seller to the Purchaser of the Cash Settlement Amount or such later Business Day as determined by the Seller in its sole discretion.

(e) If the Purchaser elects to make payment of the absolute value of the Settlement Number pursuant to clause (b) of this Section 3.01 in Private Placement Shares, then on the Settlement Date, the Purchaser shall deliver to the Seller a number of Settlement Shares equal to (A) the Cash Settlement Amount *divided by* (B) the Private Placement Price (determined by the Calculation Agent in accordance with the Private Placement Procedures contained in Annex A hereto).

(f) If the Purchaser elects to make payment of the absolute value of the Settlement Number pursuant to clause (b) of this Section 3.01 in Registered Shares, then the Purchaser shall deliver to the Seller a number of Settlement Shares equal to (A) the absolute value of the Settlement Number *plus* (B) an additional number of Settlement Shares to take into account the Registered Shares Fee on the absolute value of the Settlement Number. Such Settlement Shares shall be delivered in such numbers and on such dates on or following the Valuation Completion Date as are specified by the Seller in accordance with the Registration Procedures contained in Annex B hereto.

Section 3.02 . *Private Placement Procedures and Registration Procedures.* If the Purchaser elects to deliver Private Placement Shares pursuant to Section 3.01(b) or elects to deliver Alternative Termination Delivery Units pursuant to Section 7.02, the Private Placement Procedures contained in Annex A hereto shall apply, and if the Purchaser elects to deliver Registered Shares pursuant to Section 3.01(b), the Registration Procedures contained in Annex B hereto shall apply.

Section 3.03 . *Continuing Obligation to Deliver Shares.* (a) If at any time, as a result of provisions limiting deliveries of shares of Common Stock to the Purchaser Share Cap, the Purchaser fails to deliver to the Seller any shares of Common Stock, the Purchaser shall, to the extent that the Purchaser has at such time authorized but unissued shares of Common Stock not reserved for other purposes, promptly notify the Seller thereof and deliver to the Seller a number of shares of Common Stock not previously delivered as a result of such provisions.

(b) The Purchaser agrees to use its best efforts to cause the number of authorized but unissued shares of Common Stock to be increased, if necessary, to an amount sufficient to permit the Purchaser to fulfill its obligations under this Section 3.03.

ARTICLE 4
Market Transactions

Section 4.01 . *Transactions by the Seller.* (a) The parties agree and acknowledge that:

(i) During any Cash Settlement Purchase Period and any Seller Termination Share Purchase Period, the Seller (or its agent or affiliate) may purchase shares of Common Stock in connection with this Confirmation. The timing of such purchases by the Seller, the price paid per share of Common Stock pursuant to such purchases and the manner in which such purchases are made, including without limitation whether such purchases are made on any securities exchange or privately, shall be within the sole judgment of the Seller; *provided* that the Seller shall use good faith efforts to make all purchases of Common Stock in a manner that would comply with the limitations set forth in clauses (b)(2), (b)(3), (b)(4) and (c) of Rule 10b-18 (but without regard to clause (a)(13)(iv) of Rule 10b-18) as if such rule were applicable to such purchases.

(ii) During the Valuation Period, the Seller (or its agent or affiliate) may effect transactions in shares of Common Stock in connection with this Confirmation. The timing of such transactions by the Seller, the price paid or received per share of Common Stock pursuant to such transactions and the manner in which such transactions are made, including without limitation whether such transactions are made on any securities exchange or privately, shall be within the sole judgment of the Seller.

(iii) The Purchaser shall, at least one day prior to the first day of the Valuation Period, any Cash Settlement Purchase Period and any Seller Termination Share Purchase Period, notify the Seller of the total number of shares of Common Stock purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception set forth in Rule 10b-18(b)(4) by or for the Purchaser or any of its Affiliated Purchasers during each of the four calendar weeks preceding such day and during the calendar week in which such day occurs (" **Rule 10b-18 purchase**" and "**blocks**" each being used as defined in Rule 10b-18), which notice shall be substantially in the form set forth as Exhibit A hereto.

(b) The Purchaser acknowledges and agrees that (i) all transactions effected pursuant to Section 4.01 hereunder shall be made in the Seller's sole judgment and for the Seller's own account and (ii) the Purchaser does not have, and shall not attempt to exercise, any influence over how, when or whether to effect such transactions, including, without limitation, the price paid or received per share of Common Stock pursuant to such transactions whether such transactions are made on any securities exchange or privately. It is the intent of the Seller and the Purchaser that this Transaction comply with the requirements of Rule 10b5-1(c) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) and the Seller shall take no action that results in the Transaction not so complying with such requirements.

(c) Notwithstanding anything to the contrary in this Confirmation, the Purchaser acknowledges and agrees that, on any day, the Seller shall not be obligated to deliver or receive any shares of Common Stock to or from the Purchaser and the Purchaser shall not be entitled to receive any shares of Common Stock from the Seller on such day, to the extent (but only to the extent) that after such transactions the Seller's ultimate parent entity would directly or indirectly beneficially own (as such term is defined for purposes of Section 13(d) of the Exchange Act) at any time on such day in excess of 8.0% of the outstanding shares of Common Stock. Any purported receipt or delivery of shares of Common Stock shall be void and have no effect to the extent (but only to the extent) that after any receipt or delivery of such shares of Common Stock the Seller's ultimate parent entity would directly or indirectly so beneficially own in excess of 8.0% of the outstanding shares of Common Stock. If, on any day, any delivery or receipt of shares of Common Stock by the Seller is not effected, in whole or in part, as a result of this provision, the Seller's and Purchaser's respective obligations to make or accept such receipt or delivery shall not be extinguished and such receipt or delivery shall be effected over time as promptly as the Seller determines, in the reasonable determination of the Seller, that after such receipt or delivery its ultimate parent entity would not directly or indirectly beneficially own in excess of 8.0% of the outstanding shares of Common Stock.

Section 4.02 . *Adjustment of Transaction for Securities Laws*. (a) Notwithstanding anything to the contrary in Section 4.01(a), if, based on the advice of counsel, Seller reasonably determines that on any Trading Day, Seller's trading activity in order to manage its economic hedge in respect of the Transaction would not be advisable in respect of applicable securities laws, then Seller may extend the Expiration Date, modify the Valuation Period or otherwise adjust the terms of the Transaction in its good faith reasonable discretion to ensure Seller's compliance with such laws and to preserve the fair value of the Transaction to the Seller. The Seller shall notify the Purchaser of the exercise of the Seller's rights pursuant to this Section 4.02(a) upon such exercise.

(b) The Purchaser agrees that, during the Contract Period, neither the Purchaser nor any of its affiliates or agents shall make any distribution (as defined in Regulation M) of Common Stock, or any security for which the Common Stock is a reference security (as defined in Regulation M) or take any other action that would, in the view of the Seller, preclude purchases by the Seller of the Common Stock or cause the Seller to violate any law, rule or regulation with respect to such purchases; *provided*, that this clause (b) shall not prohibit any distribution of securities by the Purchaser pursuant to a plan (as defined in Regulation M) that qualifies for the exemption set forth in paragraph (c) of Rule 102 under the Exchange Act.

Section 4.03 . *Purchases of Common Stock by the Purchaser*. Without the prior written consent of the Seller, the Purchaser shall not, and shall cause its affiliates and affiliated purchasers (each as defined in Rule 10b-18) not to, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any shares of Common Stock (or equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable for shares of Common Stock during the Contract Period; *provided*, *however*, that this Section 4.03 shall not prohibit: (i) any purchase or offer to purchase effected by or for an issuer plan by an agent independent of the Purchaser (each as defined in Regulation M), (ii) any acquisition or retention of Common Stock in connection with the vesting or exercise of an equity award under any of the Purchaser's benefit plans or (iii) any termination, cancellation, expiration or other re-acquisition by the Purchaser of any equity award under any of the Purchaser's benefit plans.

ARTICLE 5

Representations, Warranties and Agreements

Section 5.01 . *Repeated Representations, Warranties and Agreements of the Purchaser.* The Purchaser represents and warrants to, and agrees with, the Seller, on the date hereof and on any date pursuant to which the Purchaser makes an election to deliver Settlement Shares pursuant to Section 3.01, to pay cash in lieu of Settlement Shares pursuant to Section 3.01(c)(ii) or to receive or deliver Alternative Termination Delivery Units pursuant to Section 7.03, that:

(a) **Disclosure; Compliance with Laws.** The reports and other documents filed by the Purchaser with the SEC pursuant to the Exchange Act when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading. The Purchaser is not in possession of any material nonpublic information regarding the Purchaser or the Common Stock.

(b) **Rule 10b5-1.** The Purchaser acknowledges that (i) the Purchaser does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Common Stock by the Seller (or its agent or affiliate) in connection with this Confirmation and (ii) the Purchaser is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act. The Purchaser also acknowledges and agrees that any amendment, modification, waiver or termination of this Confirmation must be effected in accordance with the requirements for the amendment or termination of a "plan" as defined in Rule 10b5-1(c) under the Exchange Act. Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and no amendment, modification or waiver shall be made at any time at which the Purchaser or any officer or director of the Purchaser is aware of any material nonpublic information regarding the Purchaser or the Common Stock.

(c) **Nature of Shares Delivered.** Any shares of Common Stock or Alternative Termination Delivery Units delivered to the Seller pursuant to this Confirmation, when delivered, shall have been duly authorized and shall be duly and validly issued, fully paid and nonassessable and free of preemptive or similar rights, and such delivery shall pass title thereto free and clear of any liens or encumbrances.

(d) **No Manipulation.** The Purchaser is not entering into this Confirmation to create actual or apparent trading activity in the Common Stock (or any security convertible into or exchangeable for Common Stock) or to manipulate the price of the Common Stock (or any security convertible into or exchangeable for Common Stock).

(e) **Regulation M.** The Purchaser is not engaged in a distribution, as such term is used in Regulation M, that would preclude purchases by the Purchaser or the Seller of the Common Stock or cause the Seller to violate any law, rule or regulation with respect to such purchases.

(f) **Board Authorization.** The Purchaser is entering into this Transaction in connection with its share repurchase program, which was approved by its board of directors and publicly disclosed, solely for the purposes stated in such board resolution and public disclosure. There is no internal policy of the Purchaser, whether written or oral, that would prohibit the Purchaser from entering into any aspect of this Transaction, including, but not limited to, the purchases of shares of Common Stock to be made pursuant hereto.

(g) **Due Authorization and Good Standing.** The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. This Confirmation has been duly authorized, executed and delivered by the Purchaser and (assuming due authorization, execution and delivery thereof by the Seller) constitutes a valid and legally binding obligation of the Purchaser. The Purchaser has all corporate power to enter into this Confirmation and to consummate the transactions contemplated hereby and to purchase the Common Stock and deliver any Settlement Shares in accordance with the terms hereof.

(h) **Certain Transactions.** There has not been any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to the Purchaser that would fall within the scope of Rule 10b-18(a)(13)(iv), where such announcement was within the Purchaser's control.

Section 5.02 . *Initial Representations, Warranties and Agreements of the Purchaser.* The Purchaser represents and warrants to, and agrees with the Seller, as of the date hereof, that:

(a) **Solvency**. The assets of the Purchaser at their fair valuation exceed the liabilities of the Purchaser, including contingent liabilities; the capital of the Purchaser is adequate to conduct the business of the Purchaser and the Purchaser has the ability to pay its debts and obligations as such debts mature and does not intend to, or does not believe that it will, incur debt beyond its ability to pay as such debts mature.

(b) **Required Filings.** The Purchaser has made, and will use its best efforts to make, all filings required to be made by it with the SEC, any securities exchange or any other regulatory body with respect to the Transaction contemplated hereby.

(c) **No Conflict.** The execution and delivery by the Purchaser of, and the performance by the Purchaser of its obligations under, this Confirmation and the consummation of the transactions herein contemplated do not conflict with or violate (i) any provision of the certificate of incorporation, by-laws or other constitutive documents of the Purchaser, (ii) any statute or order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over the Purchaser or any of its subsidiaries or any of their respective assets or (iii) any contractual restriction binding on or affecting the Purchaser or any of its subsidiaries or any of its assets.

(d) **Consents**. All governmental and other consents that are required to have been obtained by the Purchaser with respect to performance, execution and delivery of this Confirmation have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

(e) **Investment Company Act.** The Purchaser is not and, after giving effect to the transactions contemplated in this Confirmation, will not be required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(f) **Commodity Exchange Act.** The Purchaser is an "eligible contract participant", as such term is defined in Section 1a(12) of the Commodity Exchange Act, as amended.

Section 5.03 . *Additional Representations, Warranties and Agreements.* The Purchaser and the Seller represent and warrant to, and agree with, each other that:

(a) **Agency**. Each party agrees and acknowledges that (i) J.P. Morgan Securities LLC, an affiliate of the Seller ("**JPMS**"), has acted solely as agent and not as principal with respect to this Transaction and (ii) JPMS has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of this Transaction (including, if applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under this Transaction. JPMS is authorized to act as agent for the Seller.

(b) **Non-Reliance.** Each party has entered into this Transaction solely in reliance on its own judgment. Neither party has any fiduciary obligation to the other party relating to this Transaction. In addition, neither party has held itself out as advising, or has held out any of its employees or agents as having the authority to advise, the other party as to whether or not the other party should enter into this Transaction, any subsequent actions relating to this Transaction or any other matters relating to this Transaction. Neither party shall have any responsibility or liability whatsoever in respect of any advice of this nature given, or views expressed, by it or any such persons to the other party relating to this Transaction, whether or not such advice is given or such views are expressed at the request of the other party. The Purchaser has conducted its own analysis of the legal, accounting, tax and other implications of this Transaction and consulted such advisors, accountants and counsel as it has deemed necessary.

Section 5.04 . *Representations and Warranties of the Seller.* The Seller represents and warrants to the Purchaser that:

(a) **Due Authorization.** This Confirmation has been duly authorized, executed and delivered by the Seller and (assuming due authorization, execution and delivery thereof by the Purchaser) constitutes a valid and legally binding obligation of the Seller. The Seller has all corporate power to enter into this Confirmation and to consummate the transactions contemplated hereby and to deliver the Common Stock in accordance with the terms hereof.

(b) **Right to Transfer.** The Seller will, at the Initial Settlement Date and on any other day on which it is required to deliver shares of Common Stock to the Purchaser hereunder, have the free and unqualified right to transfer the Number of Shares of Common Stock to be delivered by the Seller pursuant to Sections 2.01 and 3.01 hereof, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

(c) **Commodity Exchange Act.** The Seller is an "eligible contract participant", as such term is defined in Section 1a(12) of the Commodity Exchange Act, as amended.

ARTICLE 6
Additional Covenants

Section 6.01 . *Purchaser's Further Assurances.* The Purchaser hereby agrees with the Seller that the Purchaser shall cooperate with the Seller, and execute and deliver, or use its best efforts to cause to be executed and delivered, all such other instruments, and to obtain all consents, approvals or authorizations of any person, and take all such other actions as the Seller may reasonably request from time to time, consistent with the terms of this Confirmation, in order to effectuate the purposes of this Confirmation and the Transaction contemplated hereby.

Section 6.02 . *Purchaser's Hedging Transactions.* The Purchaser hereby agrees with the Seller that the Purchaser shall not, during the Contract Period, enter into or alter any corresponding or hedging transaction or position with respect to the Common Stock (including, without limitation, with respect to any securities convertible or exchangeable into the Common Stock) and agrees not to alter or deviate from the terms of this Confirmation during the Contract Period. For the avoidance of doubt, the parties hereto acknowledge that the trades consummated pursuant to the Master Confirmation and the Supplemental Confirmation, each dated March 18, 2011, between Bank of America and the Central Hudson Gas & Electric Corporation and any Pricing Confirmation related thereto do not fall within the ambit of the previous sentence.

Section 6.03 . *No Communications.* The Purchaser hereby agrees with the Seller that the Purchaser shall not, directly or indirectly, communicate any information relating to the Common Stock or this Transaction (including any notices required by Section 6.05) to any employee of the Seller or J.P. Morgan Securities LLC, other than as set forth in the Communications Procedures attached as Annex C hereto.

Section 6.04 . *Maximum Deliverable Number of Shares of Common Stock.* (a) Notwithstanding any other provision of this Confirmation, the Purchaser shall not be required to deliver Settlement Shares, or shares of Common Stock or other securities comprising the aggregate Alternative Termination Delivery Units, in excess of the Purchaser Share Cap, in each case except to the extent that the Purchaser has available at such time authorized but unissued shares of such Common Stock or other securities not expressly reserved for any other uses (including, without limitation, shares of Common Stock reserved for issuance upon the exercise of options or convertible debt). The Purchaser shall not permit the sum of (i) the Purchaser Share Cap plus (ii) the aggregate number of shares expressly reserved for any such other uses, in each case whether expressed as caps or as numbers of shares reserved or otherwise, to exceed at any time the number of authorized but unissued shares of Common Stock.

(b) Notwithstanding any other provision of this Confirmation, the Seller shall not be required to deliver Settlement Shares, or shares of Common Stock or other securities comprising the aggregate Alternative Termination Delivery Units, in excess of the Seller Share Cap.

Section 6.05 . *Notice of Certain Transactions.* If at any time during the Contract Period, the Purchaser makes, or expects to be made, or has made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to the Purchaser (other than any such transaction in which the consideration consists solely of cash and there is no valuation period, or as to which the completion of such transaction or the completion of the vote by target shareholders has occurred), then the Purchaser shall (i) notify the Seller prior to the opening of trading in the Common Stock on any day on which the Purchaser makes, or expects to be made, or has made any such public announcement, (ii) notify the Seller promptly following any such announcement (or, if later, prior to the opening of trading in the Common Stock on the first day of any Seller Termination Share Payment Period) that such announcement has been made and (iii) promptly deliver to the Seller following the making of any such announcement (or, if later, prior to the opening of trading in the Common Stock on the first day of any Seller Termination Share Payment Period) a certificate indicating (A) the Purchaser's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of such announcement and (B) the Purchaser's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of such announcement. In addition, the Purchaser shall promptly notify the Seller of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. Accordingly, the Purchaser acknowledges that its actions in relation to any such announcement or transaction must comply with the standards set forth in Section 6.03.

Section 6.06 . *Delivery or Receipt of Cash.* For the avoidance of doubt, other than payment of the Purchase Price by the Purchaser, nothing in this Confirmation shall be interpreted as requiring the Purchaser to cash settle this Transaction, except in circumstances where cash settlement is within the Purchaser's control (including, without limitation, where the Purchaser elects to deliver or receive cash, where the Purchaser fails timely to elect to deliver Settlement Shares or to deliver or receive Alternative Termination Delivery Units, or where the Purchaser has made Private Placement settlement in accordance with Annex A unavailable due to the occurrence of events within its control) or in those circumstances in which holders of the Common Stock would also receive cash.

ARTICLE 7
Termination

Section 7.01 . *Additional Termination Events.* (a) An Additional Termination Event shall occur in respect of which the Purchaser is the sole Affected Party and this Transaction is the sole Affected Transaction if, on any day, the Seller determines, in its sole reasonable judgment, that it is unable to establish, re-establish or maintain any hedging transactions reasonably necessary in the normal course of such party's business of hedging the price and market risk of entering into and performing under this Transaction, due to market illiquidity, illegality or lack of availability of hedging transaction market participants.

(b) An Additional Termination Event shall occur in respect of which the Purchaser is the sole Affected Party and this Transaction is the sole Affected Transaction if (i) a Share De-listing Event occurs; (ii) a Merger Event occurs; (iii) a Nationalization occurs, (iv) a Distribution Termination Event occurs or (v) an event described in paragraph III of Annex C occurs.

(c) A "**Share De-listing Event**" means that at any time during the Contract Period, the Common Stock ceases to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event, a " **De-Listing**") and is not immediately re-listed, traded or quoted as of the date of such de-listing, on another U.S. national securities exchange or a U.S. automated interdealer quotation system (a " **Successor Exchange**"); *provided* that it shall not constitute an Additional Termination Event if the Common Stock is immediately re-listed on a Successor Exchange upon its De-Listing from the Exchange, and the Successor Exchange shall be deemed to be the Exchange for all purposes. In addition, in such event, the Seller shall make any commercially reasonable adjustments it deems necessary to the terms of the Transaction.

(d) A "**Merger Event**" means the public announcement, including any public announcement as defined in Rule 165(f) of the Securities Act (by the Purchaser or otherwise) at any time during the Contract Period of any (i) planned recapitalization, reclassification or change of the Common Stock that will, if consummated, result in a transfer of more than 20% of the outstanding shares of Common Stock, (ii) planned consolidation, amalgamation, merger or similar transaction of the Purchaser with or into another entity (other than a consolidation, amalgamation or merger in which the Purchaser will be the continuing entity and which does not result in any such recapitalization, reclassification or change of more than 20% of such shares outstanding), (iii) other takeover offer for the shares of Common Stock that is aimed at resulting in a transfer of more than 20% of such shares of Common Stock (other than such shares owned or controlled by the offeror) or (iv) irrevocable commitment to any of the foregoing.

(e) A "**Nationalization**" means that all or substantially all of the outstanding shares of Common Stock or assets of the Purchaser are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

(f) A "**Distribution Termination Event**" means a declaration by the Purchaser of any cash dividend or distribution on shares of Common Stock, other than an Extraordinary Cash Dividend (a "**Cash Distribution**"), that has a record date during the Contract Period, the amount of which, together with all prior declared Cash Distributions that have a record date during the same Reference Period of the Purchaser, exceeds the Cash Distribution Amount specified in the Pricing Supplement for such Reference Period, and in respect of which the Calculation Agent has not made an adjustment pursuant to Section 8.01(b).

Section 7.02 . *Consequences of Additional Termination Events.* (a) In the event of the occurrence or effective designation of an Early Termination Date under the Agreement, cash settlement, as set forth in Section 7.02(b), shall apply unless (i) the Purchaser elects (which election shall be binding), in lieu of payment of the amount payable in respect of this Transaction pursuant to Section 6(d)(ii) of the Agreement (the "**Termination Amount**"), to deliver or to receive Alternative Termination Delivery Units pursuant to Section 7.03, and (ii) notifies the Seller of such election by delivery of written notice to the Seller on the Business Day immediately following the Purchaser's receipt of a notice (as required by Section 6(d) of the Agreement following the designation of an Early Termination Date in respect of this Transaction) setting forth the amounts payable by the Purchaser or by the Seller with respect to such Early Termination Date (the date of such delivery, the "**Default Notice Day**"); *provided* that the Purchaser shall not have the right to elect the delivery or receipt of the Alternative Termination Delivery Units pursuant to Section 7.03 if:

(i) the representations and warranties made by the Purchaser to the Seller in Section 5.01 are not true and correct as of the date the Purchaser makes such election, as if made on such date, or

(ii) in the event that the Termination Amount is payable by the Purchaser to the Seller, (A) the Purchaser has taken any action that would make unavailable (x) the exemption set forth in Section 4(2) of the Securities Act, for the sale of any Alternative Termination Delivery Units by the Purchaser to the Seller or (y) an exemption from the registration requirements of the Securities Act reasonably acceptable to the Seller for resales of Alternative Termination Delivery Units by the Seller, and (B) such Early Termination Date is in respect of an Event of Default which is within Purchaser's control (including, without limitation, failure to execute a Private Placement Agreement or otherwise comply with the requirements applicable to Purchaser set forth in Annex A hereto).

For the avoidance of doubt, upon the Purchaser's making an election to deliver Alternative Termination Delivery Units pursuant to this Section 7.02, the Purchaser shall be deemed to make the representations and warranties in Section 5.01 hereof as if made on the date of the Purchaser's election. Notwithstanding the foregoing, at any time prior to the time the Seller (or any affiliate of the Seller) has contracted to resell the property to be delivered upon alternative termination settlement, the Purchaser may deliver in lieu of such property an amount in cash equal to the Termination Amount in the manner set forth in Section 6(d) of the Agreement.

(b) If cash settlement applies in respect of an Early Termination Date, Section 6 of the Agreement shall apply.

Section 7.03 . *Alternative Termination Settlement.* (a) Subject to Section 7.02, if the Termination Amount shall be payable by the Purchaser to the Seller and the Purchaser elects to deliver the Alternative Termination Delivery Units to the Seller, the Purchaser shall, as soon as directed by the Seller after the Default Notice Day (such date, the "**Termination Settlement Date**"), deliver to the Seller a number of Alternative Termination Delivery Units equal to the quotient of (A) the Termination Amount *divided by* (B) the Termination Price.

(b) Subject to Section 7.02, if the Termination Amount shall be payable by the Seller to the Purchaser and the Purchaser elects to receive the Alternative Termination Delivery Units from the Seller, (i) the Seller shall, beginning on the first Trading Day following the Default Notice Day and ending when the Seller shall have satisfied its obligations under this clause (the "**Seller Termination Share Purchase Period**"), purchase (subject to the provisions of Section 4.01 and Section 4.02 hereof) a number of Alternative Termination Delivery Units equal to the quotient of (A) the Termination Amount *divided by* (B) the Termination Price; and (ii) the Seller shall deliver such Alternative Termination Delivery Units to the Purchaser on the settlement dates relating to such purchases.

Section 7.04 . *Notice of Default.* If an Event of Default occurs in respect of the Purchaser, the Purchaser will, promptly upon becoming aware of it, notify the Seller specifying the nature of such Event of Default.

ARTICLE 8
Adjustments

Section 8.01 . *Cash Dividends.* (a) If the Purchaser declares any Extraordinary Cash Dividend that has a record date during the Contract Period, then prior to or on the date on which such Extraordinary Cash Dividend is paid by the Purchaser to holders of record, the Purchaser shall pay to the Seller an amount in cash equal to the product of (i) the amount of such Extraordinary Cash Dividend and (ii) the theoretical short delta number of shares as of the opening of business on the related ex-dividend date, as determined by the Calculation Agent, required for the Seller to hedge its exposure to the Transaction.

(b) If the Purchaser declares any cash dividend on shares of Common Stock that is not an Extraordinary Cash Dividend (an " **Ordinary Cash Dividend**") and that has a record date during the Contract Period, and the amount of such Ordinary Cash Dividend, together with all prior declared Ordinary Cash Dividends that have a record date during the same Reference Period, exceeds the Cash Distribution Amount specified in the Pricing Supplement for such Reference Period, the Calculation Agent may make corresponding adjustments with respect to the Floor Price as the Calculation Agent determines appropriate to preserve the fair value of the Transaction to the Seller, and shall determine the effective date of such adjustment.

Section 8.02 . *Other Dilution Adjustments.* If (x) any corporate event occurs having a dilutive or concentrative effect on the theoretical value of the Common Stock (other than any cash dividend but including, without limitation, a spin-off, a stock split, stock or other dividend or distribution, reorganization, rights offering or recapitalization), or (y) as a result of the definition of Trading Day (whether because of a suspension of transactions pursuant to Section 4.02 or otherwise), any day that would otherwise be a Trading Day during the Contract Period is not a Trading Day or on such Trading Day, pursuant to Section 4.02, the Seller effects transactions with respect to shares of Common Stock at a volume lower than originally anticipated with respect to this Transaction, or (z) as a result of market conditions, the Seller incurs additional costs in connection with maintaining its hedge position with respect to this Transaction resulting from the insufficient availability of stock lenders willing and able to lend shares of Common Stock with a borrow cost not significantly greater than the cost as of the date hereof and otherwise on terms consistent with those as of the date hereof, then in any such case, the Calculation Agent shall make corresponding adjustments with respect to any variable relevant to the terms of the Transaction, as the Calculation Agent determines appropriate to preserve the fair value of the Transaction to the Seller, and shall determine the effective date of such adjustment. The Seller shall give the Purchaser written notice of any such adjustment.

ARTICLE 9
Miscellaneous

Section 9.01 . *Successors and Assigns.* All covenants and agreements in this Confirmation made by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

Section 9.02 . *Purchaser Indemnification.* The Purchaser (the "**Indemnifying Party**") agrees to indemnify and hold harmless the Seller and its officers, directors, employees, affiliates, advisors, agents and controlling persons (each, an " **Indemnified Person**") from and against any and all losses, claims, damages and liabilities, joint or several (collectively, " **Obligations**"), to which an Indemnified Person may become subject arising out of or in connection with this Confirmation or any claim, litigation, investigation or proceeding relating thereto, regardless of whether any of such Indemnified Person is a party thereto, and to reimburse, within 30 days, upon written request, each such Indemnified Person for any reasonable legal or other expenses incurred in connection with investigating, preparation for, providing evidence for or defending any of the foregoing, provided, however, that the Indemnifying Party shall not have any liability to any Indemnified Person to the extent that such Obligations (i) are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person (and in such case, such Indemnified Person shall promptly return to the Indemnifying Party any amounts previously expended by the Indemnifying Party hereunder) or (ii) are trading losses incurred by the Seller as part of its purchases or sales of shares of Common Stock pursuant to this Confirmation (unless the Purchaser has breached any agreement, term or covenant herein).

Section 9.03 . *Assignment and Transfer.* Notwithstanding the Agreement, the Seller may assign any of its rights or duties hereunder to any one or more of its affiliates without the prior written consent of the Purchaser; *provided*, that the Seller shall give the Purchaser written notice of any such assignment. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Seller to purchase, sell, receive or deliver any shares of Common Stock or other securities to or from the Purchaser, Seller may designate any of its affiliates to purchase, sell, receive or deliver such shares of Common Stock or other securities and otherwise to perform the Seller's obligations in respect of this Transaction and any such designee may assume such obligations. The Seller may assign the right to receive Settlement Shares to any third party who may legally receive Settlement Shares. The Seller shall be discharged of its obligations to the Purchaser only to the extent of any such performance. For the avoidance of doubt, Seller hereby acknowledges that notwithstanding any such designation hereunder, to the extent any of Seller's obligations in respect of this Transaction are not completed by its designee, Seller shall be obligated to continue to perform or to cause any other of its designees to perform in respect of such obligations.

Section 9.04 . *Calculation Agent.* Whenever the Calculation Agent is required to act or to exercise judgment in any way with respect to this Transaction, it will do so in good faith and in a commercially reasonable manner.

Section 9.05 . *Non-confidentiality.* The Seller and the Purchaser hereby acknowledge and agree that, subject to Section 6.03, each is authorized to disclose every aspect of this Confirmation and the transactions contemplated hereby to any and all persons, without limitation of any kind, and there are no express or implied agreements, arrangements or understandings to the contrary.

Section 9.06 . *Unenforceability and Invalidity.* To the extent permitted by law, the unenforceability or invalidity of any provision or provisions of this Confirmation shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 9.07 . *Securities Contract.* The parties hereto agree and acknowledge as of the date hereof that (i) the Seller is a "financial institution" within the meaning of Section 101(22) of Title 11 of the United States Code (the " **Bankruptcy Code**") and (ii) this Confirmation is a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, entitled to the protection of Sections 362(b)(6) and 555 of the Bankruptcy Code.

Section 9.08 . *No Collateral, Netting or Setoff.* Notwithstanding any provision of the Agreement, or any other agreement between the parties, to the contrary, the obligations of the Purchaser hereunder are not secured by any collateral. Obligations under this Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under this Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.

Section 9.09 . *Notices.* Unless otherwise specified herein, any notice, the delivery of which is expressly provided for in this Confirmation, may be made by telephone, to be confirmed in writing to the address below. Changes to the information below must be made in writing.

(a) If to the Purchaser:

CH Energy Group, Inc.
284 South Avenue
Poughkeepsie, New York 12601-4839
Attention: Michael Manhardt
Title: Director of Treasury Services
Telephone No: (845) 486-5319
Facsimile No: (845) 486-5894
Email: mmanhardt@cenhud.com

(b) If to the Seller:

JPMorgan Chase Bank, National Association
c/o J.P. Morgan Securities LLC
EDG Marketing Support
Email: EDG_OTC_HEDGING_MS@jpmorgan.com
Fax: 1-866-886-4506

With a copy to:

Tim Oeljeschlager
Vice President
Equity-linked Capital Markets
383 Madison Avenue, Floor 28
New York, NY, 10179, United States
Telephone No: (212) 622-5603
Facsimile No: (212) 917-464-3163
Email: tim.oeljeschlager@jpmorgan.com

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,
J.P. MORGAN SECURITIES LLC, as agent for JPMorgan Chase Bank, National Association, London Branch

By: /s/ Tim Oeljeschlager
Name: Tim Oeljeschlager
Title: Vice President

Confirmed as of the date first above written:

CH ENERGY GROUP, INC.

By: /s/ Christopher Capone
Name: Christopher Capone
Title: Executive Vice President and Chief Financial Officer

ANNEX A

PRIVATE PLACEMENT PROCEDURES

I. Introduction

CH Energy Group, Inc., a New York corporation (the "**Purchaser**") and J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (the "**Seller**") have agreed to these procedures (the "**Private Placement Procedures**") in connection with entering into the Confirmation (the "**Confirmation**") dated as of August 16, 2011 between JPMorgan and the Purchaser relating to the sale by JPMorgan to the Purchaser of common stock, par value $0.10 per share, or security entitlements in respect thereof (the " **Common Stock**") of the Purchaser. These Private Placement Procedures supplement, form part of, and are subject to the Confirmation and all terms used and not otherwise defined herein shall have the meanings assigned to them in the Confirmation.

II. Procedures

If the Purchaser elects to deliver Private Placement Shares pursuant to Section 3.01(b) of the Confirmation or elects to deliver Alternative Termination Delivery Units pursuant to Section 7.02 of the Confirmation, the Purchaser shall effect such delivery in compliance with the private placement procedures provided herein.

(a) The Purchaser shall afford the Seller, and any potential buyers of the Private Placement Shares (or, in the case of alternative termination settlement, Alternative Termination Delivery Units) (collectively, the "**Private Securities**") designated by the Seller a reasonable opportunity to conduct a due diligence investigation with respect to the Purchaser customary in scope for private offerings of such type of securities (including, without limitation, the availability of senior management to respond to questions regarding the business and financial condition of the Purchaser and the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them), and the Seller (or any such potential buyer) shall be satisfied in all material respects with such opportunity and with the resolution of any disclosure issues arising from such due diligence investigation of the Purchaser.

(b) Prior to or contemporaneously with the determination of the Private Placement Price (as described below), the Purchaser shall enter into an agreement (a "**Private Placement Agreement**") with the Seller (or any affiliate of the Seller designated by the Seller) providing for the purchase and resale by the Seller (or such affiliate) in a private placement (or other transaction exempt from registration under the Securities Act) of the Private Securities, which agreement shall be on commercially reasonable terms and in form and substance reasonably satisfactory to the Seller (or such affiliate) and (without limitation of the foregoing) shall:

(i) contain customary conditions, and customary undertakings, representations and warranties (to and by the Seller or such affiliate, and if requested by the Seller or such affiliate, to and by potential purchasers of the Private Securities);

(ii) contain indemnification and contribution provisions (and customary exceptions thereto) in connection with the potential liability of the Seller and its affiliates relating to the resale by the Seller (or such affiliate) of the Private Securities;

(iii) provide for the delivery of related customary certificates and representations, warranties and agreements of the Purchaser and the Seller (or such affiliate), including those necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for the Seller and resales of the Private Securities by the Seller (or such affiliate); and

(iv) provide for the delivery to the Seller (or such affiliate) of customary opinions (including, without limitation, opinions relating to the due authorization, valid issuance and fully paid and non-assessable nature of the Private Securities, the availability of an exemption from the Securities Act for the Seller and resales of the Private Securities by the Seller (or such affiliate), and the lack of material misstatements and omissions in the Purchaser's filings under the Exchange Act).

(c) The Seller shall determine the Private Placement Price (or, in the case of alternative termination settlement, the Termination Price) in its judgment by commercially reasonable means, which may include (without limitation):

(i) basing such price on indicative bids from investors;

(ii) taking into account any factors that are customary in pricing private sales and any and all risks and costs in connection with the resale of the Private Securities by the Seller (or any affiliate of the Seller designated by the Seller), including, without limitation, a reasonable placement fee or spread to be retained by the Seller (or such affiliate); and

(iii) providing for the payment by the Purchaser of all reasonable fees and expenses in connection with such sale and resale, including all reasonable fees and expenses of counsel for the Seller or such affiliate.

(d) The Seller shall notify the Purchaser of the number of Private Securities required to be delivered by the Purchaser and the Private Placement Price (or, in the case of alternative termination settlement, the Termination Price) by 6:00 p.m. on the day such price is determined.

(e) The Purchaser agrees not to take or cause to be taken any action that would make unavailable either (i) the exemption set forth in Section 4(2) of the Securities Act, for the sale of any Private Securities by the Purchaser to the Seller or (ii) an exemption from the registration requirements of the Securities Act reasonably acceptable to the Seller for resales of Private Securities by the Seller.

(f) The Purchaser expressly agrees and acknowledges that the public disclosure of all material information relating to the Purchaser is within the Purchaser's control and that the Purchaser shall promptly so disclose all such material information during the period from the Valuation Completion Date to and including the Settlement Date.

The Purchaser agrees to use its best efforts to make any filings required to be made by it with the SEC, any securities exchange or any other regulatory body with respect to the Transaction contemplated hereby and the issuance of the Private Securities.

ANNEX B

REGISTRATION PROCEDURES

I. Introduction

CH Energy Group, Inc., a New York corporation (the "**Purchaser**") and J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (the "**Seller**") have agreed to these procedures (the "**Registration Procedures**") in connection with entering into the Confirmation (the "**Confirmation**") dated as of August 16, 2011 between JPMorgan and the Purchaser relating to the sale by JPMorgan to the Purchaser of common stock, par value $0.10 per share, or security entitlements in respect thereof (the " **Common Stock**") of the Counterparty. These Registration Procedures supplement, form part of, and are subject to the Confirmation and all terms used and not otherwise defined herein shall have the meanings assigned to them in the Confirmation.

II. Procedures

If the Purchaser elects to deliver Registered Shares pursuant to Section 3.01(b) of the Confirmation, the Purchaser shall effect such delivery in compliance with the registration procedures provided herein.

(a) The Purchaser shall take all actions within its control to make available to the Seller and its affiliates an effective primary registration statement under the Securities Act and one or more prospectuses as necessary or advisable to allow the Seller and its affiliates to comply with the applicable prospectus delivery requirements (the "**Prospectus**") for the sale by Seller or its affiliates of the Registered Shares to be delivered by the Purchaser pursuant to the Confirmation (the "**Registration Statement**"), such Registration Statement to be effective and Prospectus to be current until all such sales by the Seller (or its affiliates) have been settled. The Purchaser shall take all actions reasonably requested by the Seller to facilitate the disposition of any Registered Shares to be sold pursuant to such Registration Statement.

(b) The Purchaser shall use commercially reasonable efforts to prevent the issuance of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Prospectus and, if any such order is issued, to obtain the lifting thereof as soon thereafter as is reasonably possible. If the Registration Statement, the Prospectus or any document incorporated therein by reference contains a misstatement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading, the Purchaser shall as promptly as reasonably practicable file any required document and prepare and furnish to the Seller a reasonable number of copies of such supplement or amendment thereto as may be necessary so that the Prospectus, as thereafter delivered to the purchasers in connection with sales of Registered Shares thereunder, will not contain any misstatement of a material fact or omit to state a material fact required to be stated therein or necessary to make any statement therein not misleading.

(c) The Purchaser shall afford the Seller (and its agents and affiliates) a reasonable opportunity to conduct a due diligence investigation with respect to the Purchaser customary in scope for registered offerings of such type of securities (including, without limitation, the availability of senior management and external advisors to respond to questions regarding the business and financial condition of the Purchaser and the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them), and such opportunity and the resolution of any disclosure issues arising from such due diligence investigation of the Purchaser shall be satisfactory to Seller in all material respects. The Purchaser shall reimburse the Seller for all reasonable out-of-pocket expenses it incurs in connection with such diligence and otherwise in connection with the preparation of the Registration Statement and Prospectus, including, without limitation, the reasonable fees and expenses of outside counsel to the Seller incurred in connection therewith.

(d) The Purchaser shall enter into an agreement (a "**Registration Agreement**") with the Seller (or any affiliate of the Seller designated by the Seller) providing for the registration of the Registered Shares, which agreement shall be on commercially reasonable terms and in form and substance reasonably satisfactory to the Seller (or such affiliate) and (without limitation of the foregoing) shall:

(i) contain customary conditions, and customary undertakings, representations and warranties (to and by the Seller or such affiliate);

(ii) contain indemnification and contribution provisions (and customary exceptions thereto) in connection with the potential liability of the Seller and its affiliates relating to the sale by the Seller (or such affiliate) of the Registered Shares;

(iii) provide for the delivery of related customary certificates and representations, warranties and agreements of the Purchaser and the Seller (or such affiliate);

(iv) provide for the delivery of accountants' "comfort letters" to the Seller in form and substance satisfactory to the Seller, containing statements and information of the type customarily included in such letters to "underwriters" with respect to the financial statements and certain financial information contained, or incorporated by reference, in the Registration Statement and the Prospectus; and

(v) provide for the delivery to the Seller (or such affiliate) of customary opinions, including, without limitation, opinions relating to the due authorization, valid issuance and fully paid and non-assessable nature of the Registered Shares and the lack of material misstatements and omissions in the Registration Statement (including any documents incorporated by reference therein).

(e) The Seller shall notify the Purchaser of the numbers of Registered Shares to be delivered by the Purchaser on the Settlement Dates, as necessary in light of the Seller's unwinding of its hedge positions in connection with the Transaction and sales of Registered Shares in accordance with these Registration Procedures, and the Purchaser shall deliver such Shares to the Seller on such Settlement Dates in accordance with the Seller's customary procedures. The parties understand and acknowledge that (i) the Seller or its affiliates expect to make contemporaneous or nearly contemporaneous (A) purchases of Common Stock to unwind its hedge and (B) sales of Registered Shares in accordance with these Registration Procedures, (ii) the Seller or its affiliates intend to make such sales of Registered Shares in a manner that is not a distribution for purposes of Regulation M, and (iii) accordingly, the length of the period during which the Seller or its affiliates make such purchases and sales will depend in part on prevailing trading volumes for the Common Stock.

(f) In the event that (i) the Purchaser fails to comply with the requirements set forth in this Annex B, (ii) the Registration Statement is not effective on or prior to the date that is 30 days after the Valuation Completion Date, or fails to remain effective until all Registered Shares have been sold hereunder, (iii) the opportunity to conduct a due diligence investigation with respect to the Purchaser and the resolution of any issues arising therefrom is not satisfactory to Seller and its affiliates in all material respects, or does not continue to be satisfactory to the Seller and its affiliates in all material respects until all Registered Shares have been sold hereunder, (iv) the Seller or its affiliates are not able to make sales of Registered Shares in a manner that permits the contemporaneous or nearly contemporaneous purchase by the Seller or its affiliates of Common Stock in accordance with Regulation M or (v) the Registration Procedures otherwise become unavailable for the sale by the Seller and its affiliates of the Registered Shares delivered by the Purchaser hereunder prior to the completion of the sale thereof, then in any such event, the provisions of Section 3.01(d) of the Confirmation providing for cash settlement with respect to any unsold Registered Shares shall apply, appropriately modified to take into account any Registered Shares theretofore delivered and sold pursuant to these Registration Procedures.

ANNEX C

COMMUNICATIONS PROCEDURES

August 16, 2011

I. Introduction

CH Energy Group, Inc., a New York corporation ("**Counterparty**") and J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch ("**JPMorgan**") have adopted these communications procedures (the " **Communications Procedures**") in connection with entering into the Confirmation (the "**Confirmation**") dated as of August 16, 2011 between JPMorgan and Counterparty relating to the sale by JPMorgan to Counterparty of common stock, par value $0.10 per share, or security entitlements in respect thereof (the " **Common Stock**") of the Counterparty. These Communications Procedures supplement, form part of, and are subject to the Confirmation.

II. Communications Rules

From the date hereof until the end of the Contract Period, Counterparty and its Employees and Designees shall not engage in any Program-Related Communication with, or disclose any Material Non-Public Information to, any EDG Trading Personnel. Except as set forth in the preceding sentence, the Confirmation shall not limit Counterparty and its Employees and Designees in their communication with Affiliates and Employees of JPMorgan, including without limitation Employees who are EDG Permitted Contacts.

III. Termination

If, in the sole judgment of any EDG Trading Personnel or any affiliate or Employee of JPMorgan participating in any Communication with Counterparty or any Employee or Designee of Counterparty, such Communication would not be permitted by these Communications Procedures, such EDG Trading Personnel or affiliate or Employee of JPMorgan shall immediately terminate such Communication. In such case, or if such EDG Trading Personnel or affiliate or Employee of JPMorgan determines following completion of any Communication with Counterparty or any Employee or Designee of Counterparty that such Communication was not permitted by these Communications Procedures, such EDG Trading Personnel or such affiliate or Employee of JPMorgan shall promptly consult with his or her supervisors and with counsel for JPMorgan regarding such Communication. If, in the reasonable judgment of JPMorgan's counsel following such consultation, there is more than an insignificant risk that such Communication could materially jeopardize the availability of the affirmative defenses provided in Rule 10b5-1 under the Exchange Act with respect to any ongoing or contemplated activities of JPMorgan or its affiliates in respect of the Confirmation, it shall be an Additional Termination Event with respect to the Confirmation.

IV. Definitions

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Confirmation. As used herein, the following words and phrases shall have the following meanings:

"**Communication**" means any contact or communication (whether written, electronic, oral or otherwise) between Counterparty or any of its Employees or Designees, on the one hand, and JPMorgan or any of its affiliates or Employees, on the other hand.

"**Designee**" means a person designated, in writing or orally, by Counterparty to communicate with JPMorgan on behalf of Counterparty.

"**EDG Permitted Contact**" means any of Mr. David Aidelson, Mr. Gregory Batista, Mr. Elliot Chalom, Mr. Tim Oeljeschlager, Mr. James Rothschild, Mr. David Seaman and Mr. Jeffrey J. Zajkowski or any of their designees; *provided* that JPMorgan may amend the list of EDG Permitted Contacts by delivering a revised list of EDG Permitted Contacts to Counterparty.

"**EDG Trading Personnel**" means Graham Orton, Michael Tatro and any other Employee of the public side of the Equity Derivatives Group or the Special Equities Group of J.P. Morgan Chase & Co.; *provided* that JPMorgan may amend the list of EDG Trading Personnel by delivering a revised list of EDG Trading Personnel to Counterparty; and *provided further* that, for the avoidance of doubt, the persons listed as EDG Permitted Contacts are not EDG Trading Personnel.

"**Employee**" means, with respect to any entity, any owner, principal, officer, director, employee or other agent or representative of such entity, and any affiliate of any of such owner, principal, officer, director, employee, agent or representative.

"**Material Non-Public Information**" means information relating to the Counterparty or the Common Stock that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from the Counterparty to its shareholders or in a press release, or contained in a public filing made by the Counterparty with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold shares of Common Stock. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets and similar matters.

"**Program-Related Communication**" means any Communication the subject matter of which relates to the Confirmation or any Transaction under the Confirmation or any activities of JPMorgan (or any of its affiliates) in respect of the Confirmation or any Transaction under the Confirmation.

ANNEX D

PRICING SUPPLEMENT

This Pricing Supplement is subject to the Confirmation dated as of August 16, 2011 (the " **Confirmation**") between J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (the " **Seller**"), and CH Energy Group, Inc., a New York corporation (the "**Purchaser**"). Capitalized terms used herein have the meanings set forth in the Confirmation.

1 **Discount:** -$0.21

2 **Initial Delivery Percentage:** 100%

3 **Contract Fee:** $0.00

4 **Floor Price:** $0.01

5 **Registered Shares Fee:** $0.05

6 **Valuation Completion Date:** The Trading Day, during the period commencing on and including the 126th Trading Day following the Trade Date and ending on and including the Expiration Date, specified as such by the Seller, in its sole judgment, by delivering a notice designating such Trading Day as a Valuation Completion Date by the close of business on the Business Day immediately following such Trading Day; *provided* that if the Seller fails to validly designate the Valuation Completion Date prior to the Expiration Date, the Valuation Completion Date shall be the Expiration Date.

7 **Cash Distribution Amount:**

Cash Distribution Amount	**Reference Period**
$0.00 per share of Common Stock	Trade Date – October 10, 2011
$0.56 per share of Common Stock	October 11, 2011 – January 9, 2012
$0.56 per share of Common Stock	January 10, 2012 – April 2, 2012
$0.56 per share of Common Stock	The period after April 2, 2012 through and including the last day of the Contract Period.

EXHIBIT A

JPMorgan Chase Bank, National Association
c/o J.P. Morgan Securities LLC
383 Madison Avenue
5th Floor
New York, New York 10172

Re: Accelerated Purchase of Equity Securities

Ladies and Gentlemen:

In connection with our entry into the Confirmation dated as of August 16, 2011 (the " **Confirmation**"), we hereby represent that set forth below is the total number of shares of our common stock purchased by or for us or any of our affiliated purchasers in Rule 10b-18 purchases of blocks (all defined in Rule 10b-18 under the Securities Exchange Act of 1934) pursuant to the once-a-week block exception set forth in Rule 10b-18(b)(4) during the four full calendar weeks immediately preceding the first day of the Valuation Period (as defined in the Confirmation) and the week during which the first day of the Valuation Period occurs.

Number of Shares: 0 (none)

We understand that you will use this information in calculating trading volume for purposes of Rule 10b-18.

Very truly yours,
CH ENERGY GROUP, INC.

By: /s/ Christopher M. Capone
Name: Christopher M. Capone
Title: Chief Financial Officer

The CH Energy Group Companies
Central Hudson Gas & Electric Corporation
Central Hudson Enterprises Corporation

284 South Avenue Poughkeepsie NY 12601
845-452-2000
www.CHEnergyGroup.com

EXHIBIT 12.1

CH ENERGY GROUP, INC.
Computation of Ratio of Earnings to Fixed Charges

		2011			2010		Year Ended December 31,				
	Earnings: ($000)	3 Months Ended Sept 30	9 Months Ended Sept 30	12 Months Ended Sept 30	3 Months Ended Sept 30	9 Months Ended Sept 30	2010	2009	2008	2007	2006
A.	Net income from Continuing Operations	$ 4,911	$ 28,298	$ 38,900	$ 1,800	$ 30,080	$ 40,682	$ 33,988	$ 30,968	$ 41,143	$ 43,159
B.	Preferred Stock Dividends	242	727	970	242	727	970	970	970	970	970
C.	Federal and State Income Tax	3,550	17,213	20,340	(1,360)	17,278	20,405	22,270	20,663	22,567	24,650
Less	Income from Equity Investments	25	644	719	(95)	(393)	(318)	228	568	1,895	1,810
Plus	Cash Distribution from Equity Investments	190	738	1,107	60	502	871	1,775	2,463	3,427	1,315
D.	Earnings before Income Taxes and Equity Investments	$ 8,868	$ 46,332	$60,598	$ 837	$ 48,980	$63,246	$58,775	$54,496	$66,212	$68,284
E.	Fixed Charges										
	Interest on Other Long-Term Debt	6,620	20,090	26,215	5,591	16,848	22,973	20,999	20,518	18,653	16,425
	Other Interest	4,375	6,952	8,443	1,094	3,934	5,425	3,996	3,360	3,189	3,622
	Interest Portion of Rents(1)	240	733	961	69	216	960	1,043	1,220	1,278	1,112
	Amortization of Premium & Expense on Debt	261	820	1,058	227	675	913	956	982	963	991
	Preferred Stock Dividends Requirements of Central Hudson	393	1,103	1,408	118	1,099	1,407	1,544	1,565	1,452	1,431
	Total Fixed Charges	$11,889	$29,698	$ 38,085	$ 7,099	$ 22,772	$31,678	$ 28,538	$27,645	$25,535	$23,581
Less	Preferred Stock Dividends Requirements of Central Hudson	393	1,103	1,408	118	1,099	1,407	1,544	1,565	1,452	1,431
F.	Total Earnings	$ 20,364	$ 74,927	$97,275	$ 7,818	$ 70,653	$93,517	$85,769	$80,576	$90,295	$ 90,434
	Preferred Dividend Requirements:										
G.	Allowance for Preferred Stock Dividends Under IRC Sec. 247	$ 242	$ 727	$ 970	$ 242	$ 727	$ 970	$ 970	$ 970	$ 970	$ 970
H.	Less Allowable Dividend Deduction	(32)	(96)	(127)	(32)	(96)	(127)	(127)	(127)	(127)	(127)
I.	Net Subject to Gross-Up	210	631	843	210	631	843	843	843	843	843
J.	Ratio of Earnings before Income Taxes and Equity Inv. To Net Income (D/(A+B))	1.721	1.596	1.520	0.410	1.590	1.518	1.681	1.706	1.572	1.547
K.	Preferred Dividend (Pre-tax) (I x J)	361	1007	1,281	86	1,003	1,280	1,417	1,438	1,325	1,304
L.	Plus Allowable Dividend Deduction	32	96	127	32	96	127	127	127	127	127
M.	Preferred Dividend Factor	$ 393	$ 1,103	$ 1,408	$ 118	$ 1,099	$ 1,407	$ 1,544	$ 1,565	$ 1,452	$ 1,431
N.	Ratio of Earnings to Fixed Charges (F/E)	1.7	2.5	2.6	1.1	3.1	3.0	3.0	2.9	3.5	3.8

(1) The percentage of rent included in the fixed charges calculation is a reasonable approximation of the interest factor.

EXHIBIT 12.2

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Computation of Ratio of Earnings to Fixed Charges and R atio of Earnings to Fixed Charges and Preferred Dividends

	2011			2010		Year Ended December 31,				
Earnings: ($000)	3 Months Ended Sept 30	9 Months Ended Sept 30	12 Months Ended Sept 30	3 Months Ended Sept 30	9 Months Ended Sept 30	2010	2009	2008	2007	2006
A. Net income	$11,665	$ 31,676	$ 41,420	$ 9,740	$ 36,374	$ 46,118	$ 32,776	$ 27,238	$ 33,436	$ 34,871
B. Federal and State Income Tax	7,853	20,858	23,359	6,311	24,125	26,626	21,142	19,273	20,326	21,528
C. Earnings before Income Taxes	$19,518	$ 52,534	$64,779	$16,051	$ 60,499	$ 72,744	$ 53,918	$46,511	$53,762	$56,399
D. Fixed Charges										
Interest on Other-Long-Term Debt	5,872	17,668	23,042	4,785	14,371	19,745	18,830	20,518	18,653	16,425
Other Interest	1,369	3,919	5,405	1,086	3,927	5,413	5,253	4,495	4,378	3,622
Interest Portion of Rents(1)	182	542	694	183	526	678	635	788	898	818
Amortization of Premium & Expense on Debt	261	820	1,058	227	675	913	956	982	963	991
Total Fixed Charges	$ 7,684	$ 22,949	$30,199	$ 6,281	$ 19,499	$ 26,749	$ 25,674	$26,783	$24,892	$21,856
E. Total Earnings	$ 27,202	$ 75,483	$94,978	$ 22,332	$79,998	$ 99,493	$79,592	$ 73,294	$78,654	$78,255
Preferred Dividend Requirements:										
F. Allowance for Preferred Stock Dividends Under IRC Sec. 247	$ 242	$ 727	$ 970	$ 242	$ 727	$ 970	$ 970	$ 970	$ 970	$ 970
G. Less Allowable Dividend Deduction	(32)	(96)	(127)	(32)	(96)	(127)	(127)	(127)	(127)	(127)
H. Net Subject to Gross-Up	210	631	843	210	631	843	843	843	843	843
I. Ratio of Earnings before Income Taxes to Net Income (C/A)	1.673	1.658	1.564	1.648	1.663	1.577	1.645	1.708	1.608	1.617
J. Preferred Dividend (Pre-tax) (H x I)	351	1,046	1,318	346	1,049	1,329	1,387	1,440	1,356	1,363
K. Plus Allowable Dividend Deduction	32	96	127	32	96	127	127	127	127	127
L. Preferred Dividend Factor	383	1,142	1,445	378	1,145	1,456	1,514	1,567	1,483	1,490
M. Fixed Charges (D)	7,684	22,949	30,199	6,281	19,499	26,749	25,674	26,783	24,892	21,856
N. Total Fixed Charges and Preferred Dividends	$ 8,067	$ 24,091	$ 31,644	$ 6,659	$ 20,644	$ 28,205	$ 27,188	$ 28,350	$26,375	$ 23,346
O. Ratio of Earnings to Fixed Charges (E/D)	3.5	3.3	3.2	3.6	4.1	3.7	3.1	2.7	3.2	3.6
P. Ratio of Earnings to Fixed Charges and Preferred Dividends (E/N)	3.4	3.1	3.0	3.4	3.9	3.5	2.9	2.6	3.0	3.4

(1) The percentage of rent included in the fixed charges calculation is a reasonable approximation of the interest factor.

CERTIFICATIONS

EXHIBIT 31.1.1

I, Steven V. Lant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CH Energy Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's boards of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 9, 2011

/s/ Steven V. Lant

Steven V. Lant
Chairman of the Board, President and
Chief Executive Officer

CERTIFICATIONS

EXHIBIT 31.1.2

I, Christopher M. Capone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CH Energy Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's boards of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 9, 2011

/s/ Christopher M. Capone
Christopher M. Capone
Executive Vice President and Chief Financial Officer

CERTIFICATIONS

EXHIBIT 31.2.1

I, Steven V. Lant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Central Hudson Gas & Electric Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's boards of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 9, 2011

/s/ Steven V. Lant

Steven V. Lant

Chairman of the Board and Chief Executive Officer

CERTIFICATIONS

EXHIBIT 31.2.2

I, Christopher M. Capone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Central Hudson Gas & Electric Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's boards of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 9, 2011

/s/ Christopher M. Capone
Christopher M. Capone
Executive Vice President and Chief Financial Officer

CERTIFICATIONS

EXHIBIT 32.1.1

I, Steven V. Lant, do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of CH Energy Group, Inc. (the “Company”) for the period ended September 30, 2011 (the “Quarterly Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2011

/s/ Steven V. Lant

Steven V. Lant
Chairman of the Board, President and
Chief Executive Officer

CERTIFICATIONS

EXHIBIT 32.1.2

I, Christopher M. Capone, do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of CH Energy Group, Inc. (the “Company”) for the period ended September 30, 2011 (the “Quarterly Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2011

/s/ Christopher M. Capone
Christopher M. Capone
Executive Vice President and Chief Financial Officer

CERTIFICATIONS

EXHIBIT 32.2.1

I, Steven V. Lant, do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of Central Hudson Gas & Electric Corporation (the "Company") for the period ended September 30, 2011 (the "Quarterly Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2011

/s/ Steven V. Lant

Steven V. Lant

Chairman of the Board and Chief Executive Officer

CERTIFICATIONS

EXHIBIT 32.2.2

I, Christopher M. Capone, do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of Central Hudson Gas & Electric Corporation (the “Company”) for the period ended September 30, 2011 (the “Quarterly Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2011

/s/ Christopher M. Capone
Christopher M. Capone
Executive Vice President and Chief Financial Officer