

Energy East Corporation Corporate Governance Guidelines

The Board has adopted the Corporate Governance Guidelines set forth below. The Board, upon recommendation of the Nominating and Corporate Governance Committee, will periodically assess the appropriateness of these Guidelines and make changes as may be necessary or desirable to ensure the effective and efficient governance of the Corporation.

1. *Director Qualifications*

The Board will have a substantial majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Nominating and Corporate Governance Committee is responsible for recommending to the Board, on an annual basis, the slate of persons to be nominated to the Board at the next annual meeting of shareholders. The Nominating and Corporate Governance Committee will also make recommendations to the Board regarding candidates for election as members of the Board to fill vacancies on the Board caused by retirement, death, inability to serve, resignation or newly created directorships. Nominees to the Board will be selected by the Nominating and Corporate Governance Committee in accordance with the criteria set forth in its charter.

2. *Director Responsibilities*

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders. In discharging that obligation, directors may reasonably rely on information provided by the Corporation's senior executives and its outside advisors and auditors.

Directors are expected to attend annual meetings, Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

3. *Director Access to Management and as Necessary and Appropriate, Independent Advisors*

Directors will have full and free access to management of the Corporation. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Corporation.

The Board has the right to retain independent counsel, accountants or other advisors to fulfill its responsibilities.

4. *Director Compensation*

The form and amount of director compensation will be recommended to the Board by the Compensation and Management Succession Committee. The Compensation and Management Succession Committee will periodically review director compensation.

5. *Director Orientation and Continuing Education*

All new directors will participate in a director orientation program, within two months of the date the new directors are elected. The orientation program is intended to familiarize new directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its Board Committees, its compliance programs, its Code of Conduct, and its principal officers. All other directors are also invited to attend the orientation program. Directors are encouraged to periodically attend quality continuing education programs that will enhance their abilities and competencies as directors.

6. *Annual Performance Evaluation of Board*

The Board will conduct an annual self-evaluation to determine whether it is functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board on the Board's performance. The report will focus on the Board's contribution to the Corporation, and specifically focus on areas in which the Board believes that it could improve.

7. *Board Meeting Agendas*

The Chairman will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of items on the agenda. Each Board member may raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Corporation's long-term strategic plans and the principal issues that the Corporation will face in the future during at least one Board meeting each year.

8. *Committees*

The Board currently has four committees: the Audit Committee, the Compensation and Management Succession Committee, the Corporate Responsibility Committee, and the Nominating and Corporate Governance Committee. Committee members will meet the independence requirements of the New York Stock Exchange and, in the case of the Audit Committee, the Securities and Exchange Commission. The charters of the Audit Committee, the Compensation and Management Succession Committee, and the Nominating and Corporate Governance Committee will meet the requirements of the New York Stock Exchange and, in the case of the Audit Committee, the Securities and Exchange Commission.

9. *Assignment of Committee Members*

The Nominating and Corporate Governance Committee is responsible for recommending to the Board, on an annual basis, appointment of directors as members and chairpersons of committees of the Board. The Committee shall consider rotating committee members and chairpersons periodically, in order to expose Directors to the varied aspects of the business of the Corporation.

10. *Committee Meeting Agenda*

Board Committee agendas will be developed by the departments of the Corporation that administer the area of responsibility charged to each committee. Directors are permitted to suggest topics for inclusion.

11. *Committee Self-Evaluations*

Each Committee of the Board will conduct a self-evaluation at least annually and report the results to the full Board.

12. *Distribution of Board Materials*

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

13. *Change in Principal Occupation*

Individual directors who change the principal occupation they held when they were most recently elected to the Board should volunteer to resign from the Board. Directors who retire or change from the position they held when they were most recently elected to the Board should not necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating and Corporate Governance Committee to review the continued appropriateness of Board membership under the circumstances.

14. *Service on Other Boards*

Directors may serve on other boards, provided that it does not conflict with their service on the Corporation's Board. Directors may not serve on more than three other boards of public companies (excluding subsidiaries of the Corporation) in addition to the Corporation's Board, unless such service is approved by the Nominating and Corporate Governance Committee.

15. *Retirement Age*

No director who shall have attained the age of 70 will stand for re-election as a director, unless otherwise provided in the By-laws.

The Board does not have term limits because it would risk losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole.

16. *Lead Director*

The Lead Director will meet the criteria for independence required by the New York Stock Exchange. The Lead Director (i) presides at all meetings of stockholders and meetings of the Board at which the Chairman is not present, including executive sessions; (ii) sets the agenda for executive sessions of the non-management directors; (iii) confers with the Chairman on the agenda for Board meetings; and (vi) serves as a liaison between the Chairman and the non-management directors. The term of a Lead Director shall run from one annual meeting of stockholders until the next annual meeting of stockholders. No director shall serve as Lead Director for two consecutive terms.

17. *Executive Sessions*

The non-management Directors will meet in executive session at least once each calendar quarter with no members of management present. The Lead Director shall preside at these executive sessions. Any non-management Director may request an executive session at any other Board meeting. If any non-management Director is not independent under the rules of the New York Stock Exchange, the independent directors will meet separately in executive session at least once a year.

18. *Annual Performance Evaluation of Chief Executive Officer*

The Chief Executive Officer's performance will be evaluated annually. The Board has delegated this responsibility to the Compensation and Management Succession Committee. The Chairperson of the Compensation and Management Succession Committee will consult with the Board on the evaluation of the Chief Executive Officer.

19. *Management Succession*

The Compensation and Management Succession Committee will periodically report to the Board on succession planning.

There will also be available, on a continuing basis, the Chief Executive Officer's recommendation concerning who should assume the Chief Executive Officer's role in the event the Chief Executive Officer becomes unable to perform his duties.

20. *Selection of Chairman and Chief Executive Officer*

The Board believes that the positions of Chief Executive Officer and Chairman should be combined to provide unified leadership and direction. The Board reserves the right to adopt a different policy should circumstances change.

21. *Director Stock Ownership*

Directors are expected to display confidence in the Corporation by ownership, after three years of service, of at least 7,500 shares of common stock, including share units under the Director Share Plan. The Director Stock Ownership Guideline is administered and interpreted by the Compensation and Management Succession Committee.

22. *Executive Officer Stock Ownership*

Executive officers are expected to display confidence in the Corporation by ownership of a number of shares of common stock that is a multiple of the executive's base salary and then converted to a fixed number of shares. The applicable multiples of base salary range from 5 to 2 depending on the executive's position.

The Executive Officer Stock Ownership Guideline is administered and interpreted by the Compensation and Management Succession Committee.

Approved by the Board April 6, 2006.

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