



Con Edison Announces Winning Bidder for Power Generating Facilities

March 3, 1999

Consolidated Edison Company of New York Inc. (Con Edison) announced today that Orion Power Holdings is the winning bidder for its Astoria electric generating plant in Queens and the Gowanus and Narrows gas turbines in Brooklyn. Orion agreed to pay \$550 million for the Astoria bundle, which consists of the 1,090-megawatt Astoria Generating Station, the 494-megawatt Gowanus Gas Turbines and the 271-megawatt Narrows Gas Turbines.

Orion will offer employment to all Con Edison employees working at the facilities being sold and will honor all union contracts. A similar agreement was reached with the new owners of the two generation bundles sold in January.

"We now have sale agreements for all three bundles of our New York City electric generating assets that we have put up for auction," said Con Edison Chairman and CEO Eugene R. McGrath. "Each of the new owners is part of a company with considerable experience in electric generation, and the plants will continue to be operated by those employees who have operated them so reliably in the past."

Orion was formed in March 1998 to acquire electric generating plants across the United States and Canada. Orion is headquartered in Baltimore, Maryland. Its major investors are GS Capital Partners II, an investment fund managed by Goldman, Sachs & Co., and Constellation Power Source, a wholly owned subsidiary of Baltimore Gas and Electric Company.

The sale of the Astoria bundle completes the auction phase of the divestiture of Con Edison's in-city electric generating assets, which arose out of the company's 1997 agreement with the New York State Public Service Commission. The sale of these assets in three bundles, each to a different owner, will help foster a competitive energy market in its service area of New York City and Westchester County.

Sales of the first two generation bundles were announced in January, with KeySpan Energy winning the 2,168-megawatt Ravenswood bundle, and NRG Energy Inc. winning the 1,456-megawatt Arthur Kill bundle. Con Edison will receive a total of \$1.65 billion for the three sales. This represents approximately two times the book value of the combined assets or \$302 per installed kilowatt of capacity. The sales are expected to close by the summer. Morgan Stanley Dean Witter advised Con Edison on the sales.

Con Edison's holding company, Consolidated Edison Inc., expects to utilize the cash generated from the sale of the three generation bundles for several purposes, including its planned acquisition of Orange and Rockland Utilities Inc., which it expects to complete this spring, and its ongoing stock repurchase program. The acquisition of Orange and Rockland is consistent with the company's strategy of seeking to expand its transmission and distribution business.

Consolidated Edison has completed about 25 percent of the \$1 billion stock buyback program it previously announced, and expects to pass the \$250 million mark today. The stock repurchase program is an integral part of Consolidated Edison's plan to realign its capital structure by reducing its equity ratio to no more than 50 percent, which will more appropriately reflect the company's risk profile as industry restructuring takes place. The company will continue to repurchase common stock as appropriate, given market and business conditions.

Con Edison is one of the nation's largest utility companies, with more than \$7 billion in annual revenues and \$14 billion in assets. The company, a subsidiary of Consolidated Edison Inc., provides electric, gas and steam service to more than three million customers in New York City and Westchester County, New York.