

**Con Edison, Inc.**

*Boston, MA  
March 22, 2012*

**JP Morgan Utility &  
MLP/Energy Infrastructure  
Corporate Access Day**





## Forward-Looking Statements

This presentation includes certain forward-looking statements intended to qualify for safe-harbor provisions of the Federal securities laws. Forward-looking statements are statements of future expectation and not facts. Words such as "expects," "estimates," "anticipates," "intends," "believes," "plans," "will" and similar expressions identify forward-looking statements. Forward-looking statements are based on information available at the time the statements are made, and accordingly speak only as of that time. Actual results might differ materially from those included in the forward-looking statements because of various factors including, but not limited to, those discussed in reports the company has filed with the Securities and Exchange Commission.

## Non-GAAP Financial Measure

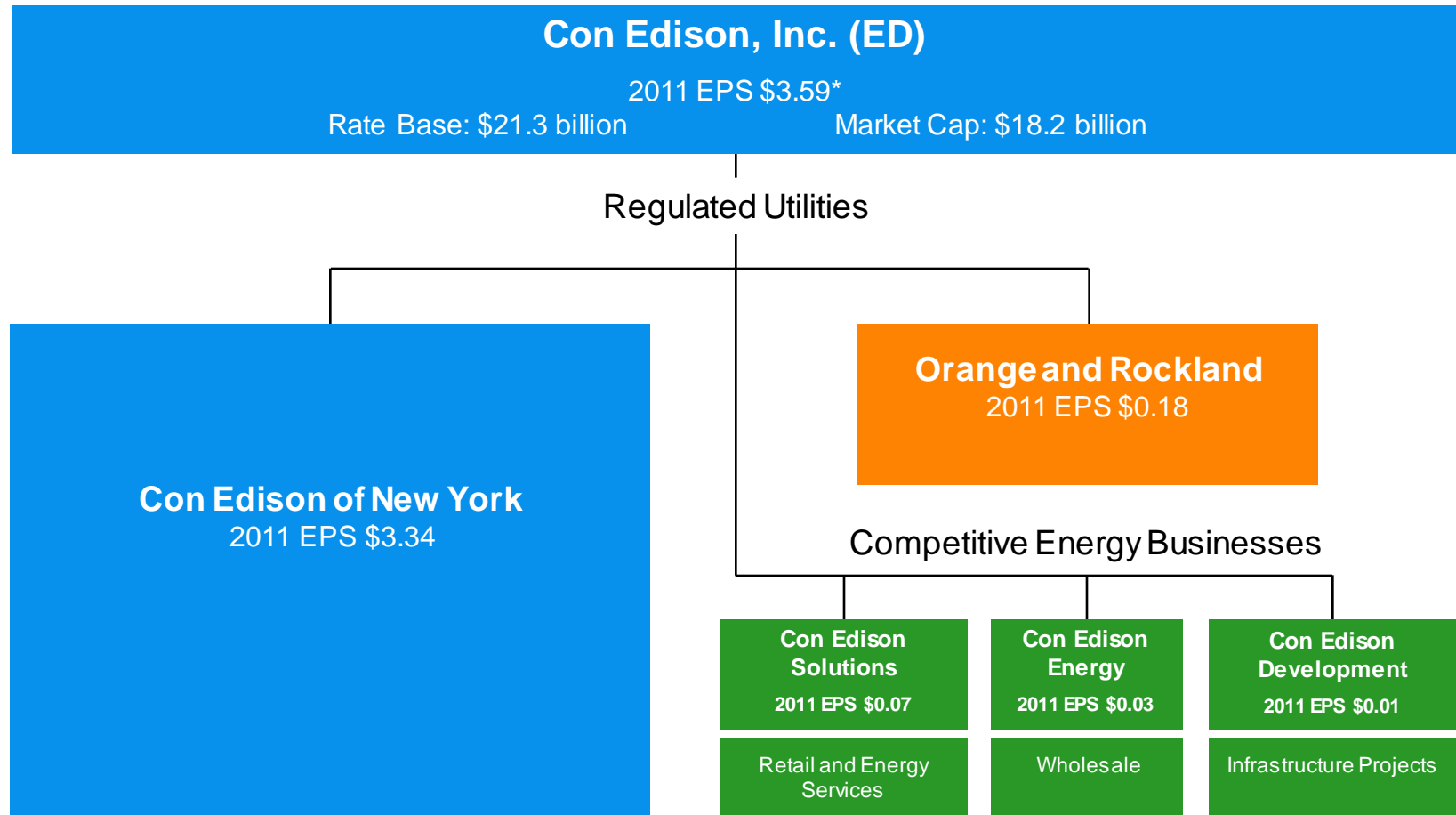
This presentation contains a financial measure, earnings from ongoing operations, not determined in accordance with Generally Accepted Accounting Principles (GAAP). Earnings from ongoing operations should not be considered as an alternative to net income. Management uses this non-GAAP measure to facilitate the analysis of the company's ongoing performance and believes that this non-GAAP measure also is useful and meaningful to investors. A reconciliation of this non-GAAP measure to earnings determined in accordance with GAAP is included in the presentation.

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For more information, contact: Jan Childress, Director, Investor Relations  
Tel.: 212-460-6611 Email: [childressj@coned.com](mailto:childressj@coned.com)

[www.conEdison.com](http://www.conEdison.com)

# Regulated Transmission and Distribution Focused



\*Total reflects parent company expenses and consolidation adjustments amounting to (0.04) per share.

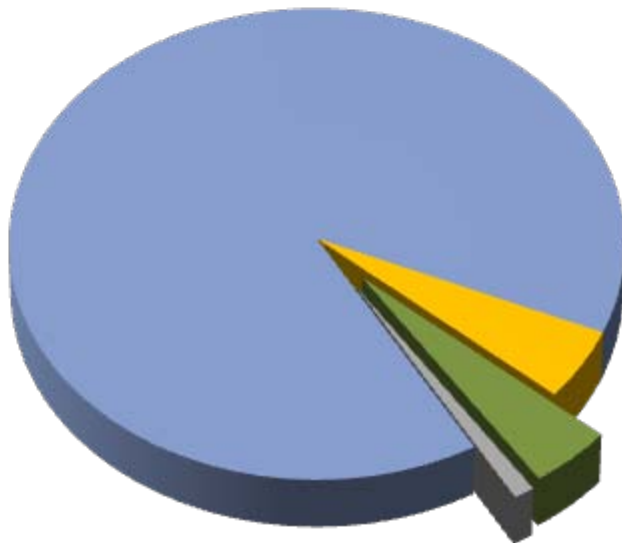
# Reconciliation of 2011 and 2010 Earnings Per Share

<b>2011</b>	<b>CECONY</b>	<b>O&amp;R</b>	<b>Con Edison Development</b>	<b>Con Edison Energy</b>	<b>Con Edison Solutions</b>	<b>Parent</b>	<b>Total</b>
Reported EPS – GAAP basis	\$3.34	\$0.18	\$0.01	\$0.03	\$0.07	\$(0.04)	\$3.59
Mark-to-Market losses/(gains)	-	-	-	(0.03)	0.08	-	0.05
Ongoing operations	\$3.34	\$0.18	\$0.01	\$-	\$0.15	\$(0.04)	\$3.64
<b>2010</b>	<b>CECONY</b>	<b>O&amp;R</b>	<b>Con Edison Development</b>	<b>Con Edison Energy</b>	<b>Con Edison Solutions</b>	<b>Parent</b>	<b>Total</b>
Reported EPS – GAAP basis	\$3.14	\$0.17	\$-	\$0.02	\$0.22	\$(0.06)	\$3.49
Mark-to-Market losses/(gains)	-	-	-	(0.04)	-	-	(0.04)
Ongoing operations	\$3.14	\$0.17	\$-	\$(0.02)	\$0.22	\$(0.06)	\$3.45

# Con Edison's Focus is Energy Delivery

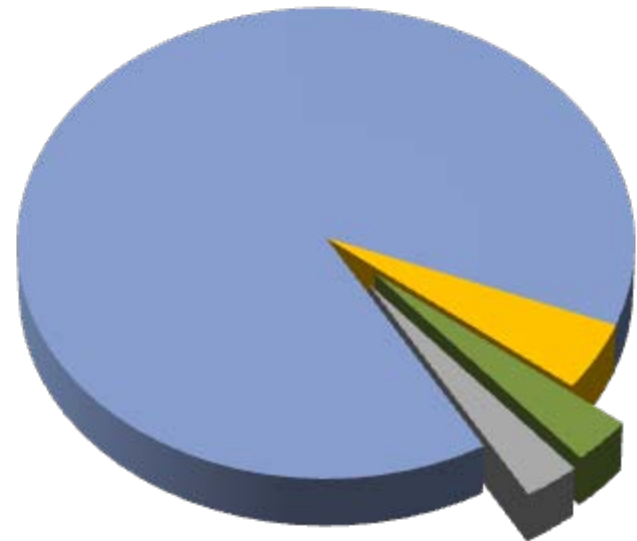
(for the twelve months ended December 31, 2011)

## Ongoing Earnings



- CECONY 92%
- O&R 5%
- Competitive Businesses 4%
- Parent (1)%

## Equity



- CECONY 89%
- O&R 5%
- Competitive Businesses 3%
- Parent 3%

# Long-term Debt Maturities

(\$ millions)

	2012	2013	2014	2015	2016
Con Edison, Inc. – parent company	\$ 1	\$ 1	\$ 2	\$ 2	\$ 2
Con Edison of New York	525	700	475	350	650
Orange and Rockland	3	3	4	142	79
Competitive energy businesses	1	1	-	1	-
<b>Total</b>	<b>\$ 530</b>	<b>\$ 705</b>	<b>\$ 481</b>	<b>\$ 495</b>	<b>\$ 731</b>

## 2012

- CECONY \$300 million debenture maturing in July, 5.625%
- CECONY \$225 million tax-exempt debt, mandatory tender by bondholders in November

## 2013

- CECONY \$500 million debenture maturing in February, 4.875%
- CECONY \$200 million debenture maturing in June, 3.85%

## 2014

- CECONY \$200 million debenture maturing in February, 4.7%
- CECONY \$275 million debenture maturing in April, 5.55%

## 2015

- CECONY \$350 million debenture maturing in December, 5.375%
- O&R \$40 million debenture maturing in April, 5.3%
- O&R \$55 million debenture maturing in August, 2.5%
- O&R \$44 million tax-exempt debt maturing in August, variable rate

## 2016

- CECONY \$400 million debenture maturing in September, 5.5%
- CECONY \$250 million debenture maturing in December, 5.3%
- O&R \$75 million debenture maturing in October, 5.45%

# Capital Structure

December 31, 2011  
(\$ millions)

## Con Edison, Inc.

Debt	\$10,143	47%
Preferred	213	1
Equity	11,436	52
<b>Total</b>	<b>\$21,792</b>	<b>100%</b>

## Con Edison of New York

Debt	\$9,220	47%
Preferred	213	1
Equity	10,218	52
<b>Total</b>	<b>\$19,651</b>	<b>100%</b>

## Orange and Rockland

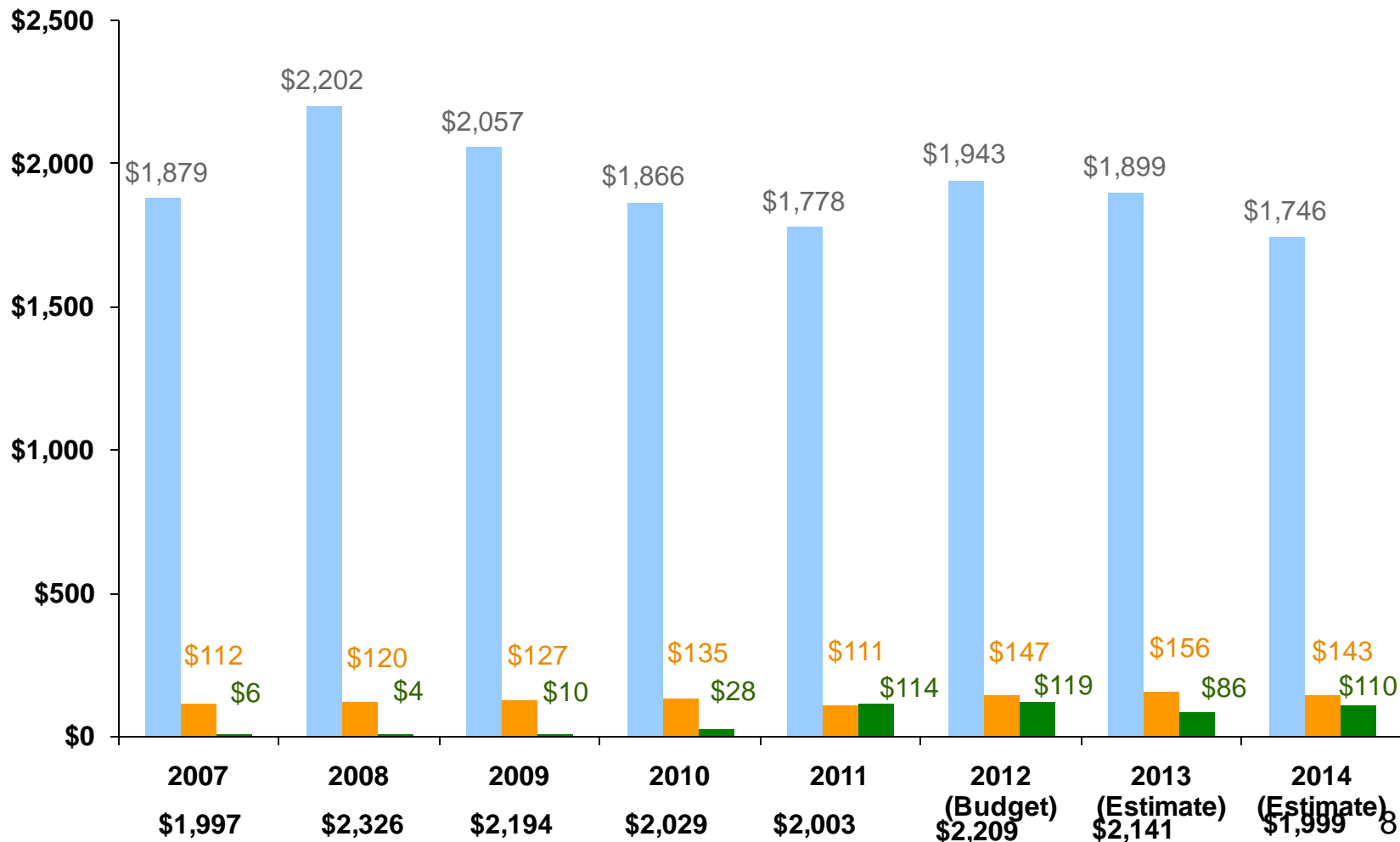
Debt	\$607	53%
Preferred	-	-
Equity	532	47
<b>Total</b>	<b>\$1,139</b>	<b>100%</b>

## Competitive and Parent

Debt	\$316	32%
Preferred	-	-
Equity	686	68
<b>Total</b>	<b>\$1,002</b>	<b>100%</b>

# Capital Expenditures (\$ millions)

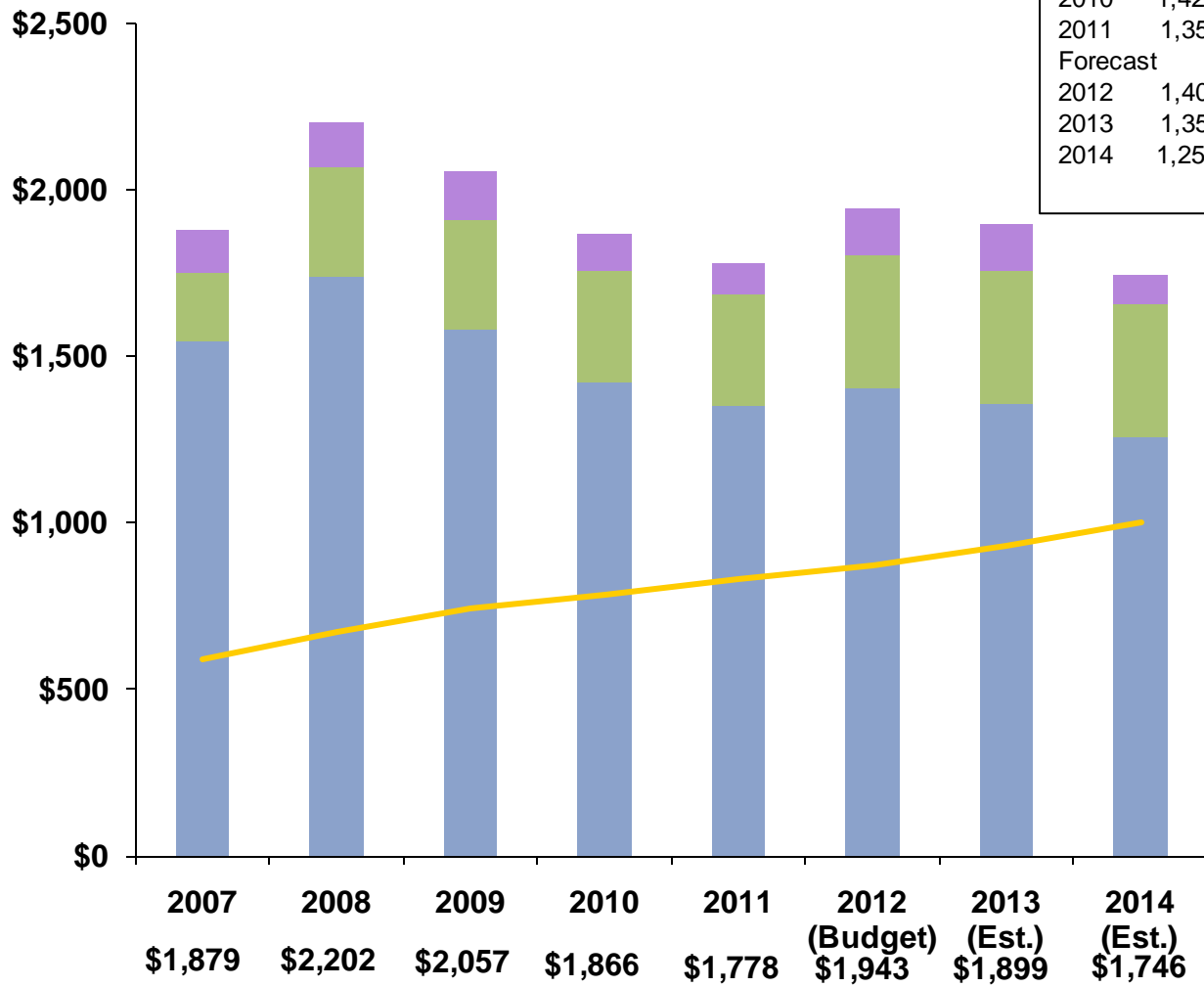
■ Con Edison Of New York    
 ■ Orange and Rockland    
 ■ Competitive Energy Businesses



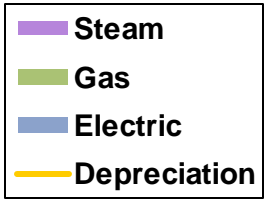


# Con Edison of New York

## Infrastructure Investment (\$ millions)

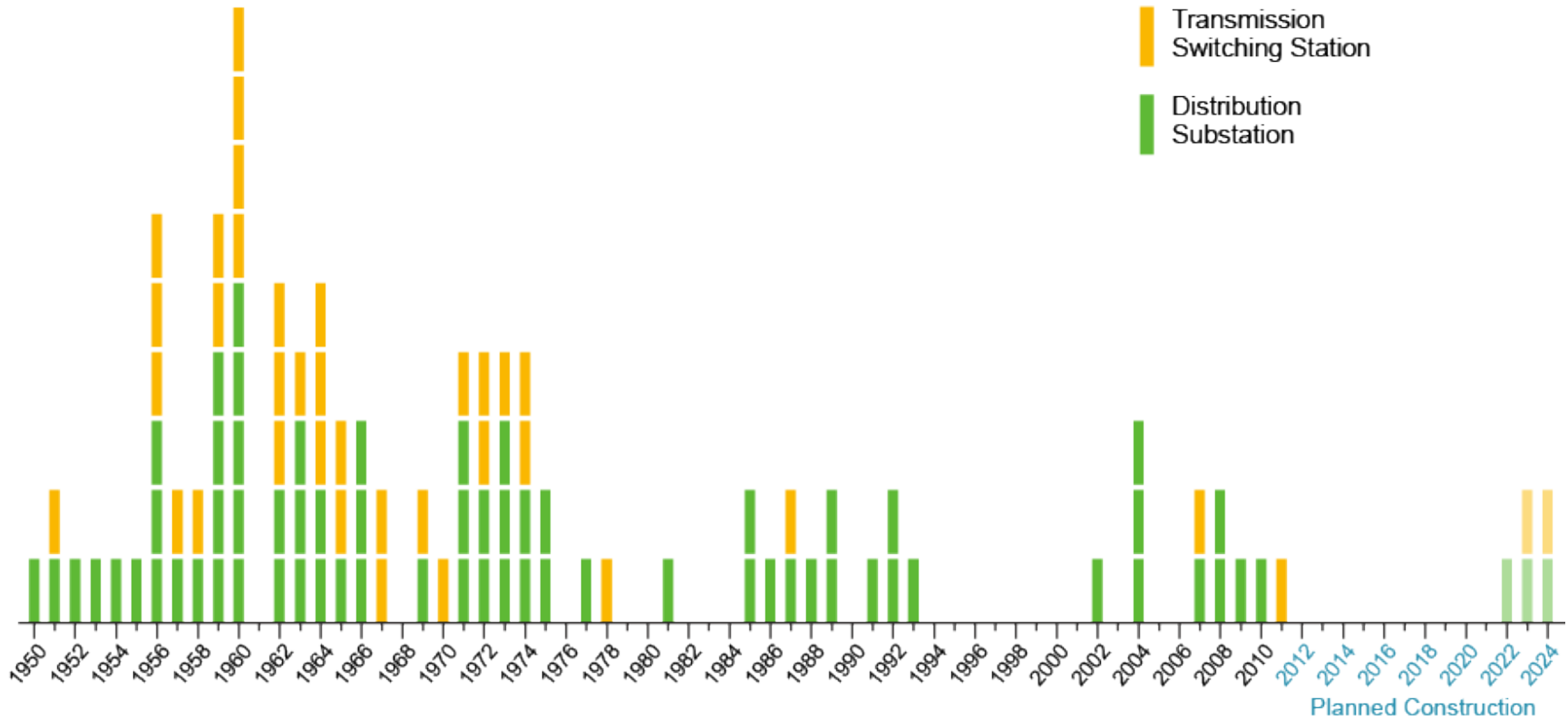


	Electric	Gas	Steam	Depreciation
Actual				
2007	1,567	217	95	593
2008	1,743	338	121	672
2009	1,596	339	122	744
2010	1,421	334	111	787
2011	1,354	335	89	829
Forecast				
2012	1,404	400	139	874
2013	1,356	404	139	874
2014	1,256	401	89	874



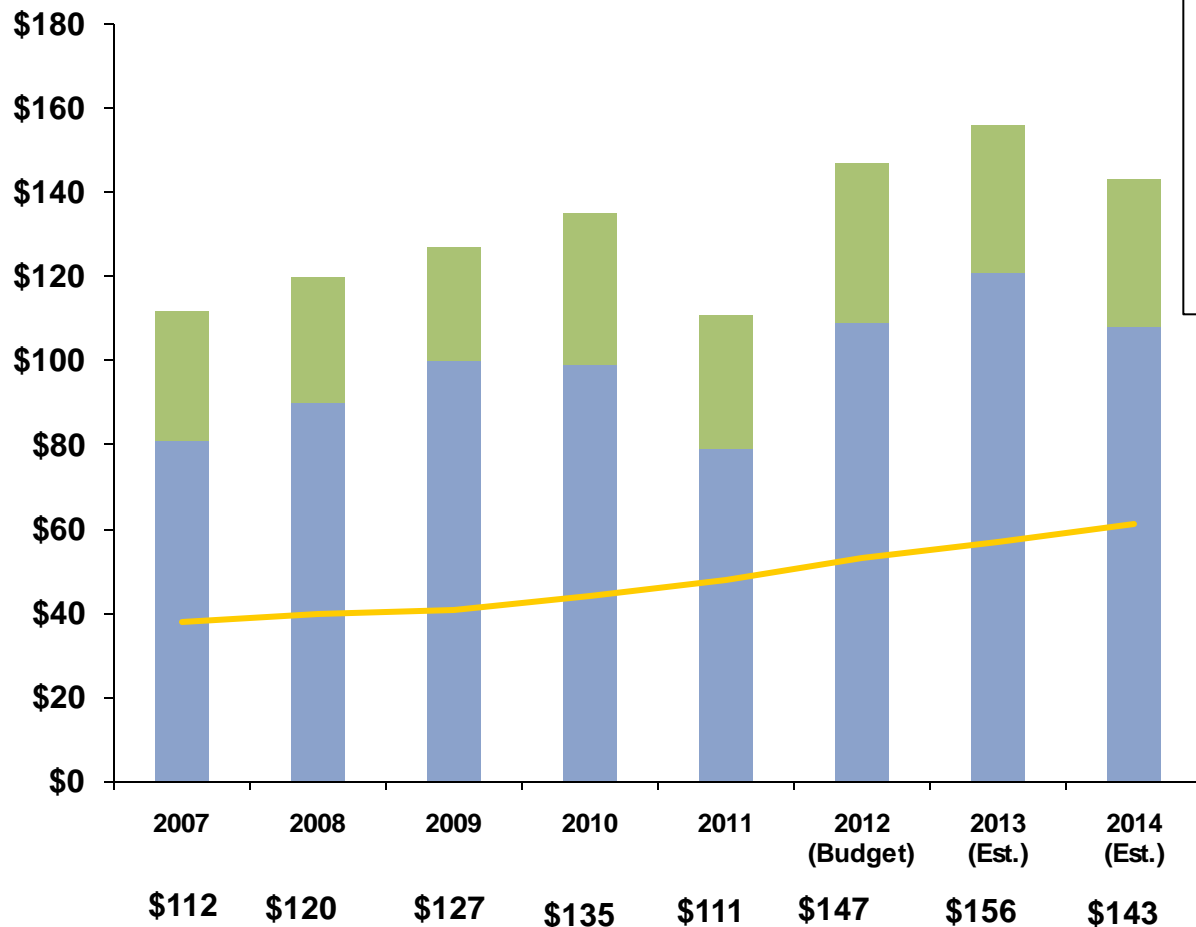
## Con Edison of New York

# Major Substation Construction Program (1950 – 2024) Based on November 2011 Forecast

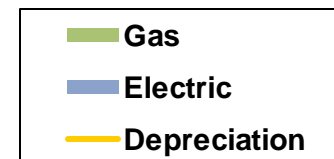


# Orange and Rockland

## Infrastructure Investment (\$ millions)



	Electric	Gas	Depreciation
Actual			
2007	80	32	38
2008	88	32	40
2009	85	42	42
2010	99	36	44
2011	79	32	48
Forecast			
2012	109	38	53
2013	121	35	
2014	108	35	



# Composition of Rate Base (as of December 31, 2011)

Rate Base (\$ millions)

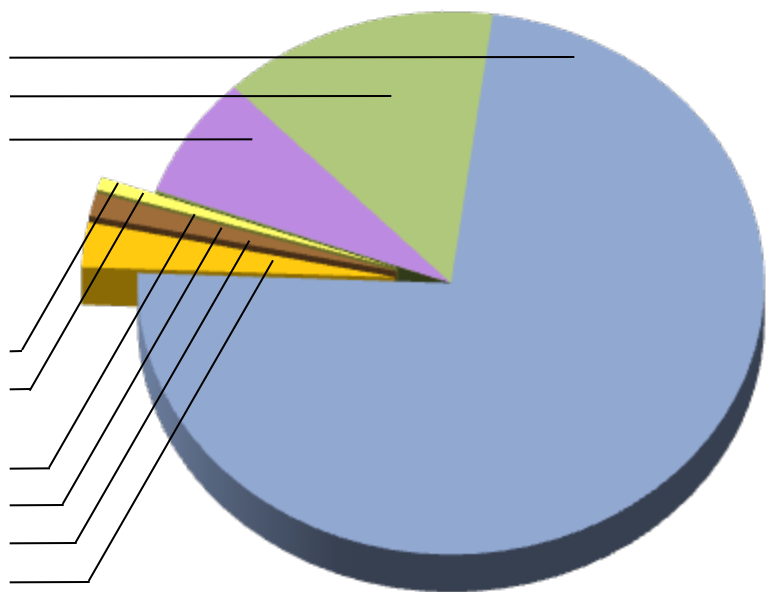
## Con Edison of New York

Electric	(NY)	\$ 15,650
Gas	(NY)	\$ 3,050
Steam	(NY)	\$ 1,560

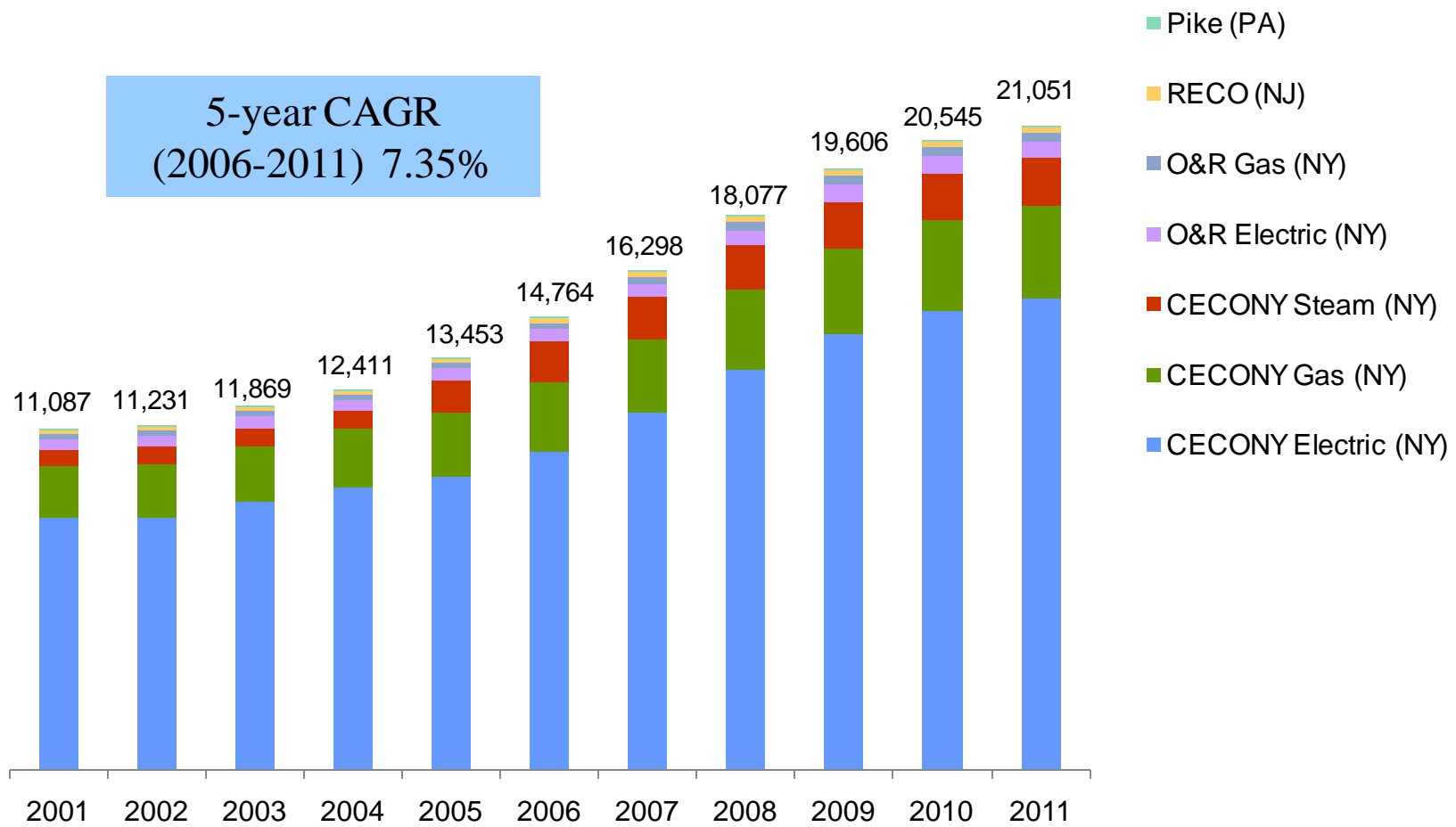
## Orange and Rockland

Pike Gas	(PA)	\$ 1
Pike Electric	(PA)	\$ 11
Rockland Electric	(NJ)	
(distribution)		\$ 151
(transmission)		\$ 20
O&R Gas	(NY)	\$ 295
O&R Electric	(NY)	\$ 569

**Total Rate Base            \$ 21,307**

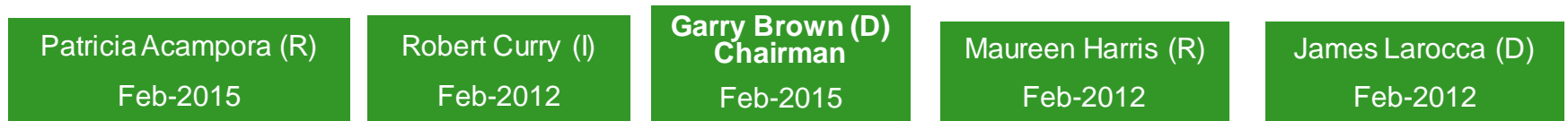


# Consolidated Edison, Inc. Rate Base Growth (\$ millions)

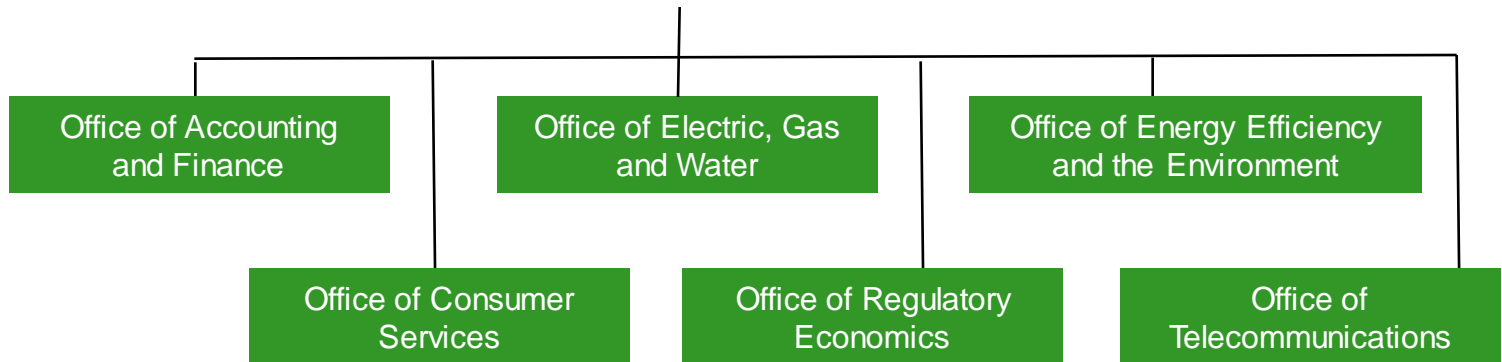


# New York Public Service Commission (NYPSC)

## Commissioners



## PSC Staff



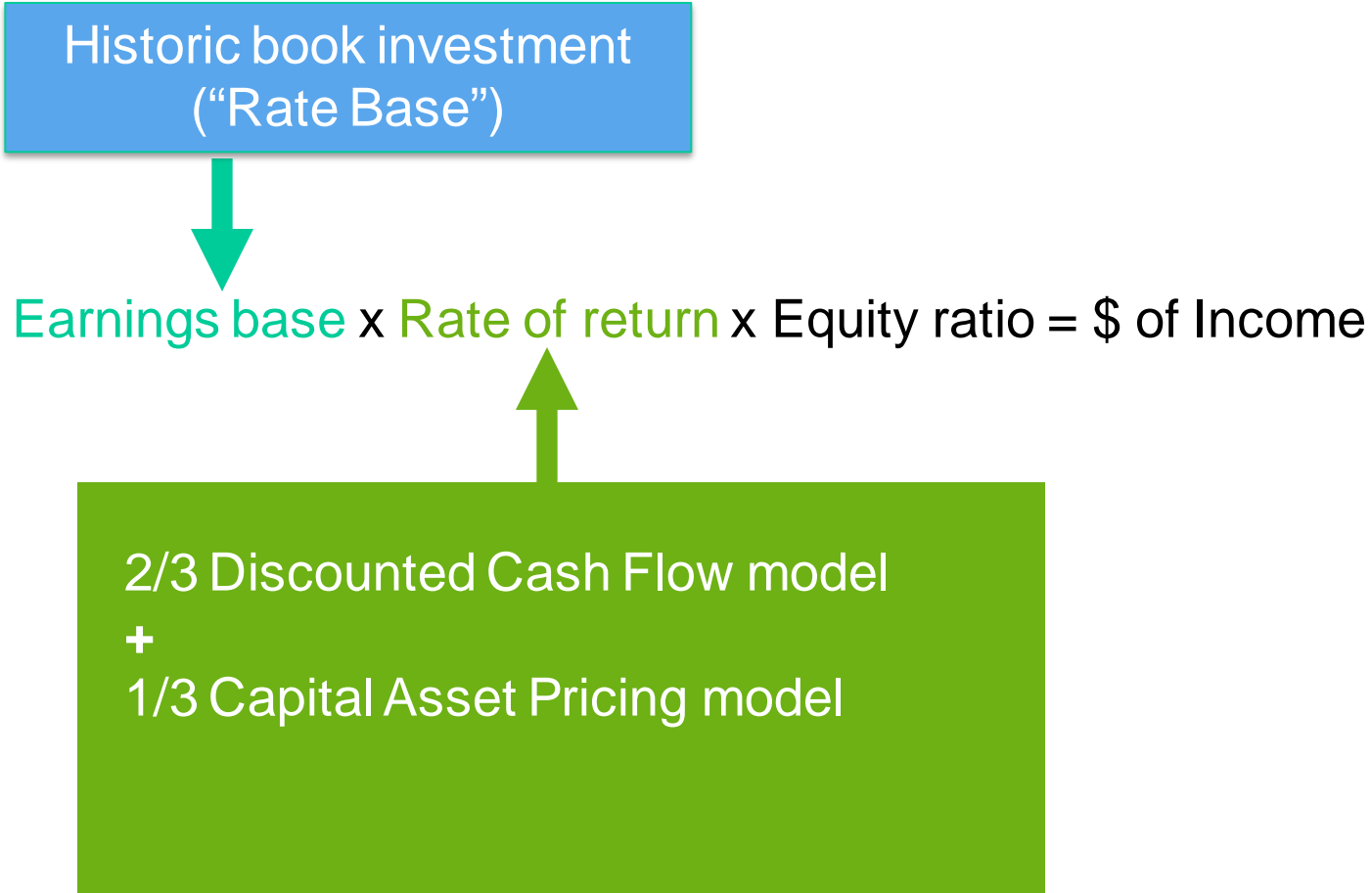
- Annual budget: \$80 million
- Staffing: 460 employees
- Regulates: Electric (7 companies), Gas (10), Water (300), Telecom (5), Cable (30)



## Features of New York Regulation

- Forward-looking test year for expenses and rate base
- True-ups for major expenses:
  - Fuel and power cost recovery
  - Pensions and Other Post-employment Benefits
  - Property taxes (partial)
  - Environmental clean-up costs
- Revenue decoupling
- Performance penalties
- Formulaic approach to setting ROE's

# New York PSC Methodology for Setting Equity Returns





## NY PSC Staff's Discounted Cash Flow Model

- The Staff employs a dividend discount model.

$$\text{Value} = \frac{D_1}{(1+R)} + \frac{D_2}{(1+R)^2} + \frac{D_3}{(1+R)^3} + \dots$$

- Solving for an equity return, R, where:
  - $D_1$  through  $D_4$  = Value Line estimates
  - $D_5$  through  $D_\infty$  = Value Line estimates based on future earnings retention and share growth
  - Value = average of prior three monthly high and low proxy group stock prices



## NY PSC Staff's Capital Asset Pricing Model

- Staff solves for an equity return, R

$$R = R_{UST} + (R_{MKT} - R_{UST}) * \beta$$

- Where:
  - $R_{UST}$  is the risk-free return: average of prior three monthly yields for 10-year and 30-year Treasuries
  - $R_{MKT}$  is the market rate of return: BOFA Merrill Lynch's monthly *Quantitative Profiles* report (three month average)
  - $\beta$  is the risk of the individual share relative to that of the market: Value Line estimate for peer group



## NY PSC Staff's Proxy Group for 2011-2012 O&R Electric Proceeding

ALLETE  
Alliant Energy  
Ameren  
American Electric Power  
Avista  
Black Hills  
Center Point  
CH Energy  
Cleco  
Consolidated Edison  
DTE Energy  
Edison International  
Empire District Electric  
Energy  
FirstEnergy  
Great Plains Energy

Hawaiian Electric Industries  
IDACORP  
MGE Energy  
Pepco  
PG&E  
Pinnacle West Capital  
Portland General Electric  
SCANA  
Sempra Energy  
Southern Co.  
TECO Energy  
UIL Holdings  
Vectren  
Westar Energy  
Wisconsin Energy  
Xcel Energy

# Recent Rate Decisions in New York

Date	Company	ROE	Term	Date	Company	ROE	Term
07/06	Central Hudson	9.60%	3 years	03/10	CECONY Electric	10.15%	3 years
08/06	NYSEG	9.55%	1 year	06/10	Central Hudson	10.00%	3 years
09/06	CECONY Steam	9.80%	2 years	09/10	CECONY Gas	9.60%	3 years
10/06	O&R Gas	9.80%	3 years	09/10	CECONY Steam	9.60%	3 years
09/07	CECONY Gas	9.70%	3 years	09/10	Energy East (RGE/NYSEG)	10.00%	40 months
10/07	O&R Electric	9.10%	1 year	06/11	Niagara Mohawk	9.30%	2 years
12/07	National Fuel Gas	9.10%	1 year	06/11	O&R Electric	9.20%	1 year
03/08	CECONY Electric	9.10%	1 year	09/11	Corning Gas	9.50%	3 years
06/08	O&R Electric	9.40%	3 years				
09/08	CECONY Steam	9.30%	2 years				
04/09	CECONY Electric	10.00%	1 year				
05/09	Niagara Mohawk	10.20%	2 years				
06/09	Central Hudson	10.00%	1 year				
09/09	Corning Gas	10.70%	2 years				
10/09	O&R Gas	10.40%	3 years				

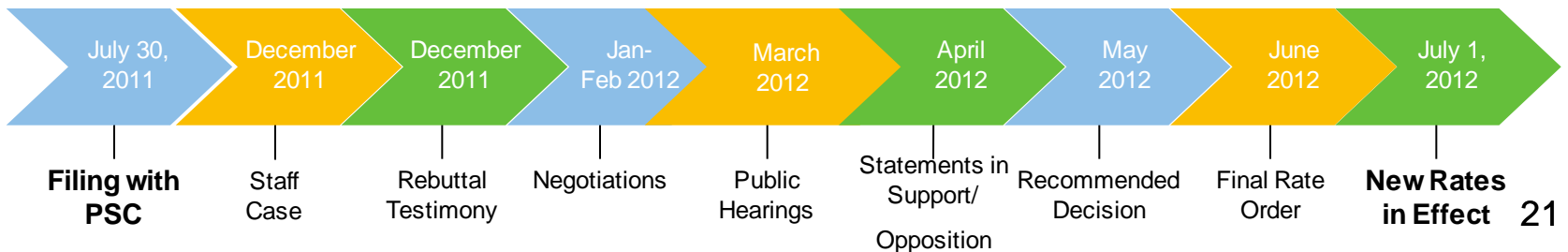
## Orange and Rockland

# Summary of Electric Joint Proposal

- 3-year rate with annual rate increases of \$19.4 million in rate year (RY) one effective July 2012, \$8.8 in RY2 effective July 2013, and \$15.2 in RY3 effective July 2014

or

- 3-year proposal with annual levelized rate increases of \$15.2 million in RY1, RY 2 and RY3
- ROE of 9.4%, 9.5% 9.6% in RY1, RY 2 and RY3, respectively
- Equity ratio of 48%
- Average rate base of \$671 million, \$708 million, and \$759 million at end of June 2013, June 2014 and June 2015, respectively
- True-ups – Continuation of existing mechanisms



## Rate Plans Offer Investors Clarity

Sub	Service	Terms
CECONY	Electric	3-year plan effective Apr. 1, 2010; 10.15% ROE
CECONY	Gas	3-year plan effective Oct. 1, 2010; 9.6% ROE
CECONY	Steam	3-year plan effective Oct. 1, 2010; 9.6% ROE
O&R	Electric	1-year order effective July 1, 2011; 9.2% ROE
O&R	Electric	Filed for new rates effective July 1, 2012
O&R	Gas	3-year plan effective Nov. 1, 2009; 10.4% ROE
RECO	Electric	1-year plan effective May 2010; 10.3% ROE

# Rates of Return

(for twelve months ended December 31, 2011)

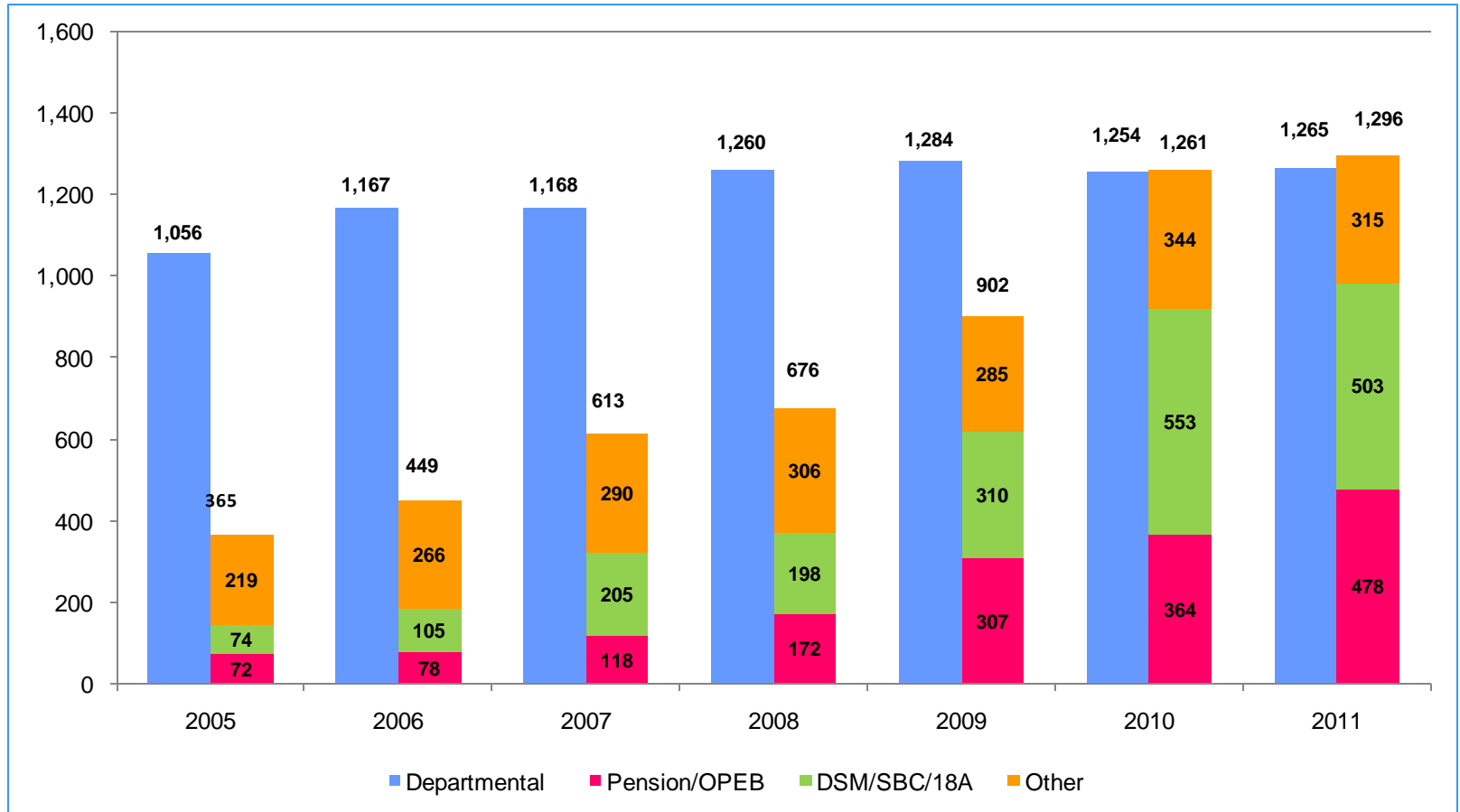
	REGULATED	SEC
	Allowed	Earned Basis
<b>CECONY</b>		
Electric	10.15%	10.0%
Gas	9.6%	8.5%
Steam	9.6%	9.4%
<b>Overall - CECONY</b>	10.0% *	9.8%
<b>O&amp;R - NY</b>		
Electric	9.3%	8.8%
Gas	10.4%	10.1%
<b>RECO</b>	10.3%	13.2%
<b>Overall – O&amp;R</b>	9.7% *	9.9%
<b>Competitive Energy Businesses</b>		11.6%

\* Weighted by rate base

## Con Edison of New York

# Departmental and Other Expenses

(\$ millions)





## Climate Change Imperatives

### New York City Goals

- Reduce greenhouse gas emissions by 30% below 2005 levels by 2030
- Focused on building codes
- Phase out of #6 heating oil by 2015 and #4 heating oil by 2030

### New York State Plan

- 30% renewables by 2015
- 15% reduction in retail energy consumption from 2007 levels by 2015
- Member of Regional Greenhouse Gas Initiative
  - Cap and reduce CO2 emissions from power plants by 10% by 2018
- New York State Energy Research and Development Agency (NYSERDA) funded by utility customers to achieve renewable portfolio standards

## Con Edison of New York

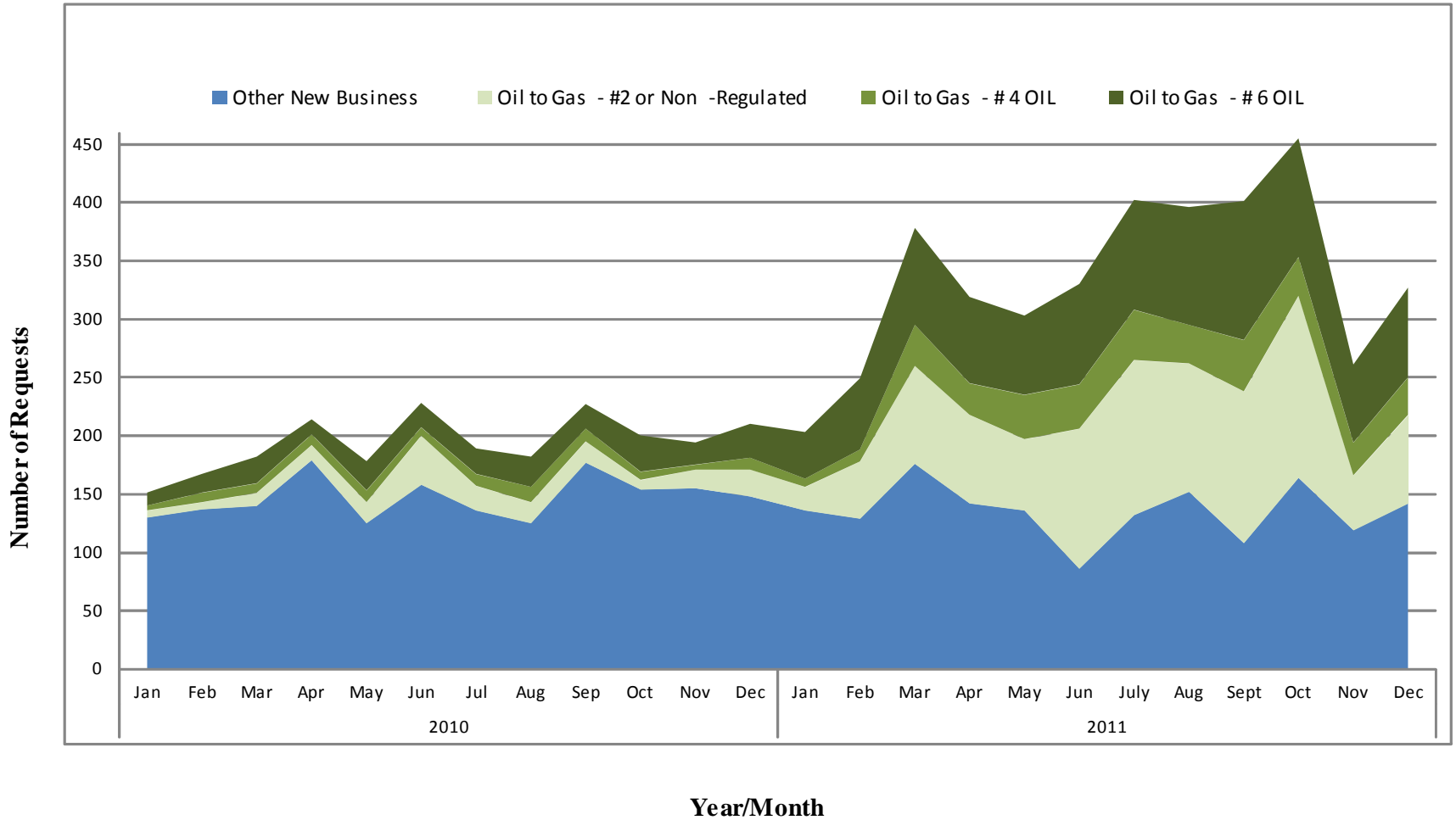
# Statistics & Breakdown of Potential Conversions

- There are 9,147 boilers burning #4 or #6 heating oil in NYC
- 7,039, or 77%, are located in the CECONY service area

Borough	Buildings
Manhattan	3,945
Bronx	2,373
Queens	721
<b>Grand Total</b>	<b>7,039</b>

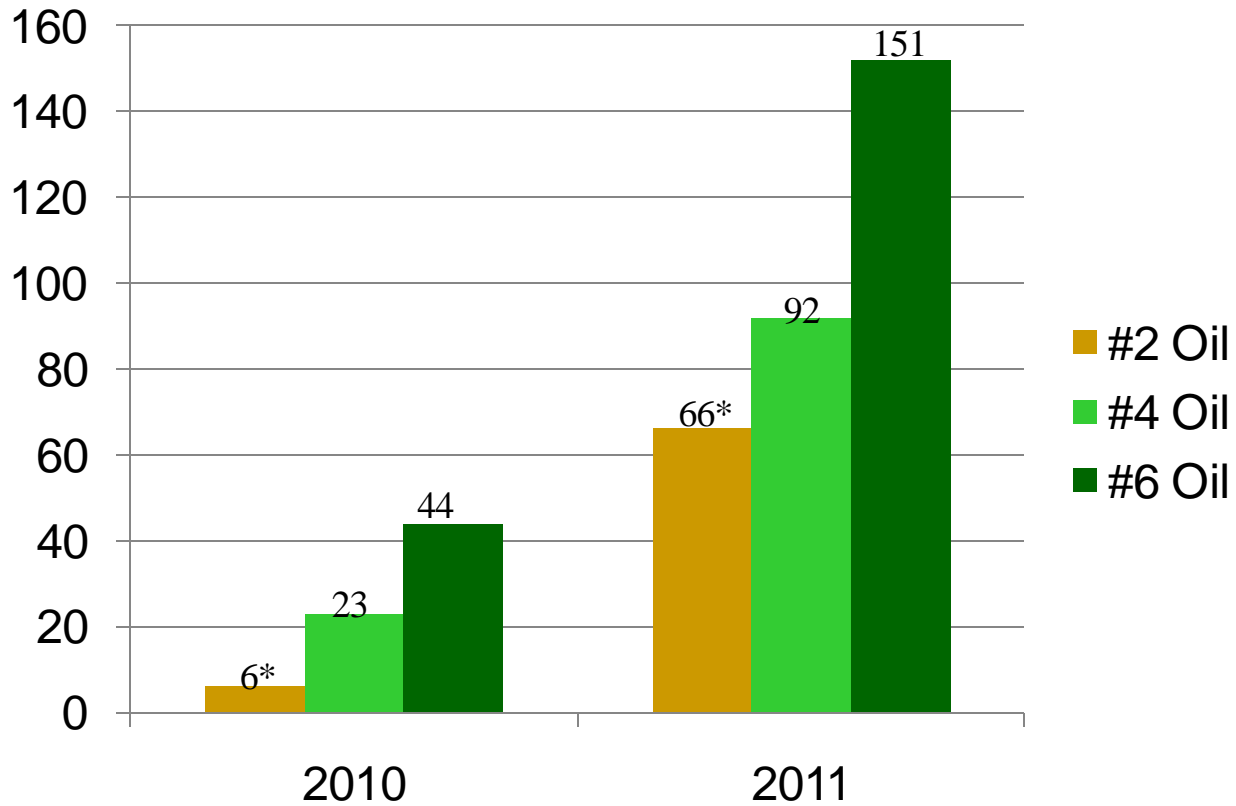
# Monthly New Gas Business Service Requests

January 2010 to December 2011



# Annual Oil-to-Gas Conversions by Oil Type

Number of gas service installations



\* Includes conversions of #2 oil burners rated 350,000 BTUs or higher

# Competitive Businesses: Overview

## Con Edison Solutions (CES)

- Retail commodity supply
- Energy services: traditional ESCO activity
- Renewable energy: solar (< 2 MW) focus

## Con Edison Energy (CEE)

- Retail supply management for CES
- Energy management for owners of generating plants
- Renewable energy support for CED/CES and others
- Phasing out fixed-price wholesale commodity supply

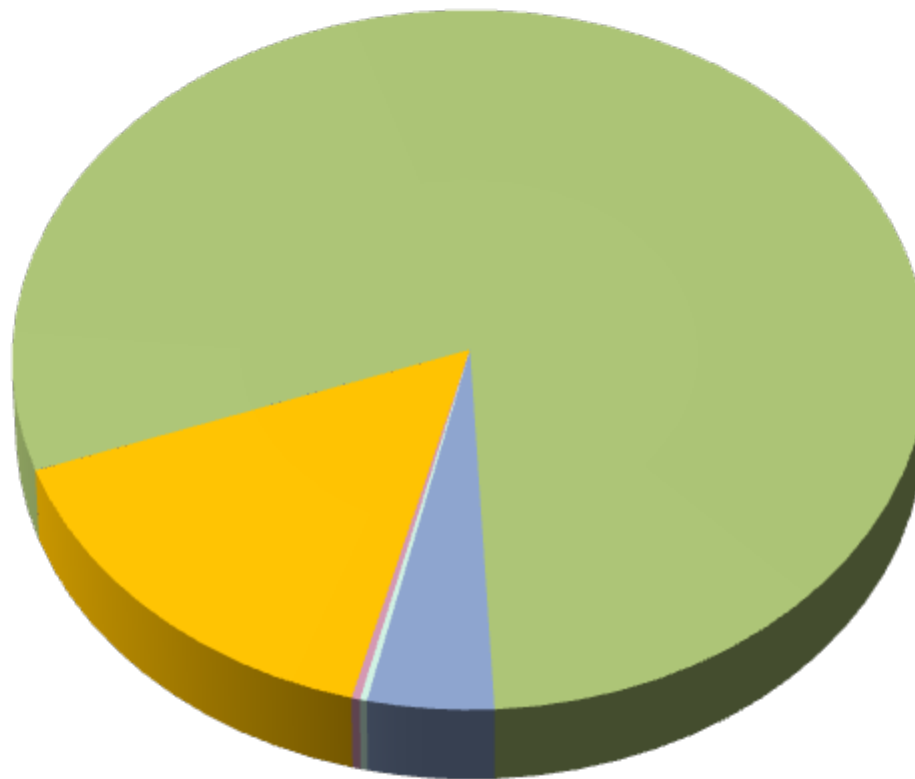
## Con Edison Development (CED)

- Renewable energy: solar (>2 MW) focus
- Gas storage
- Passive investments
  - LILOs
  - Low-income housing

# Competitive Business Mix

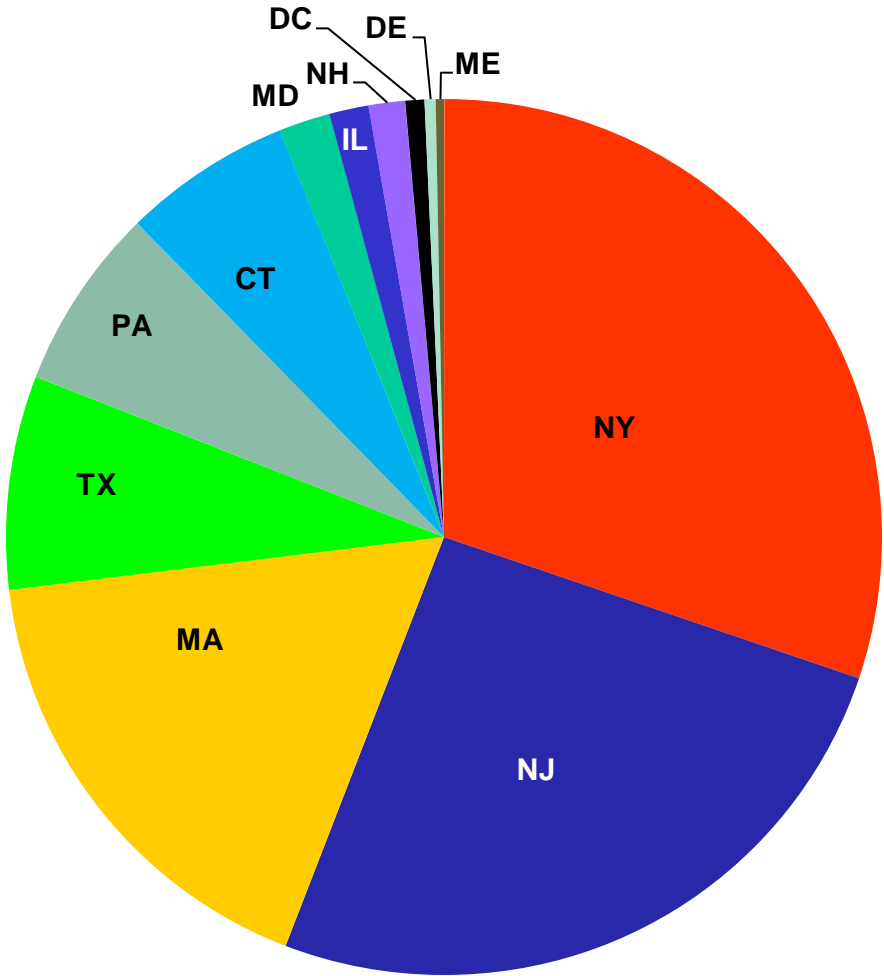
(for the twelve months ended December 31, 2011)

## Revenues



- Retail electric commodity
- Wholesale commodity
- Energy services
- Gas storage
- Leases
- Solar

# Con Edison Solutions: Retail Electric Commodity Sales Volumes by State

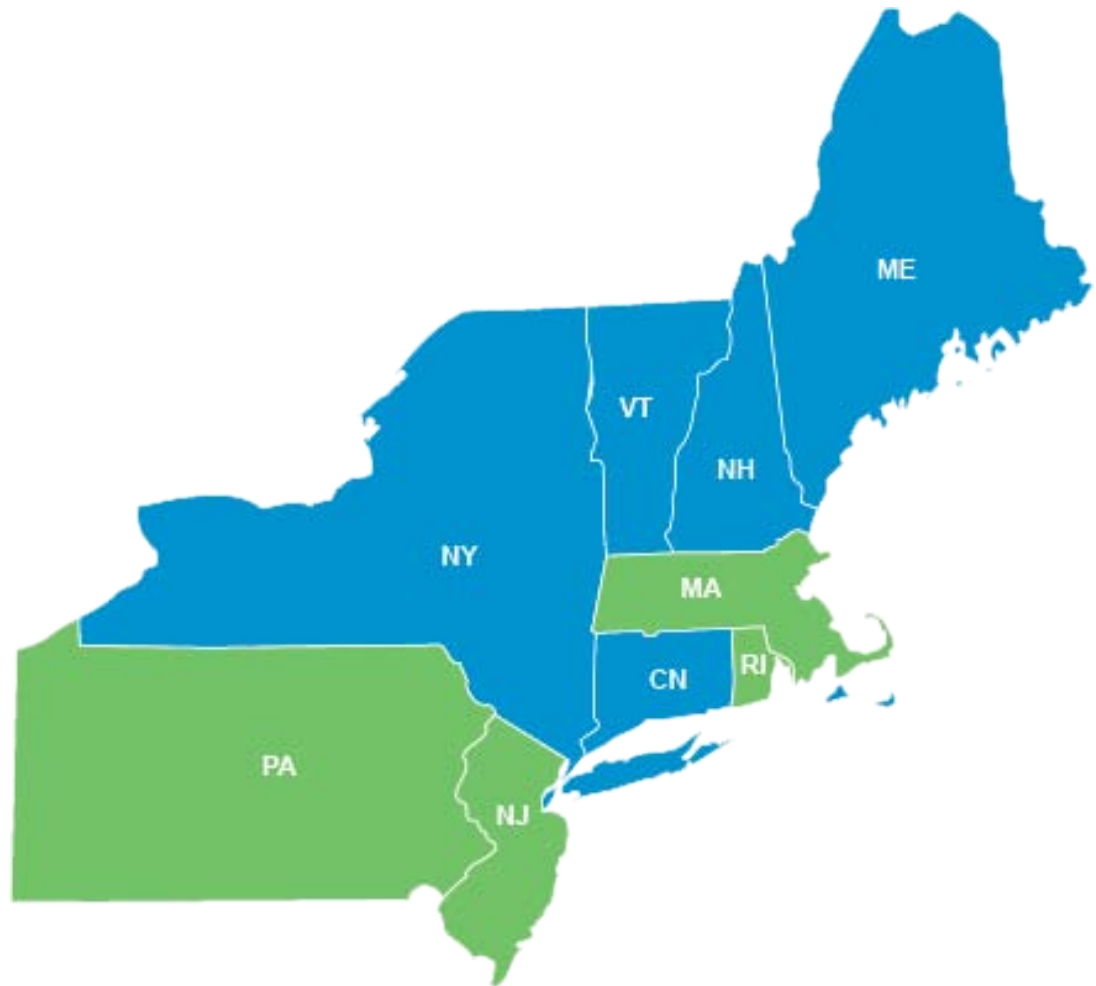


2011 Sales Volume  
15,725 million kwhrs

# Competitive Businesses: Solar Initiatives

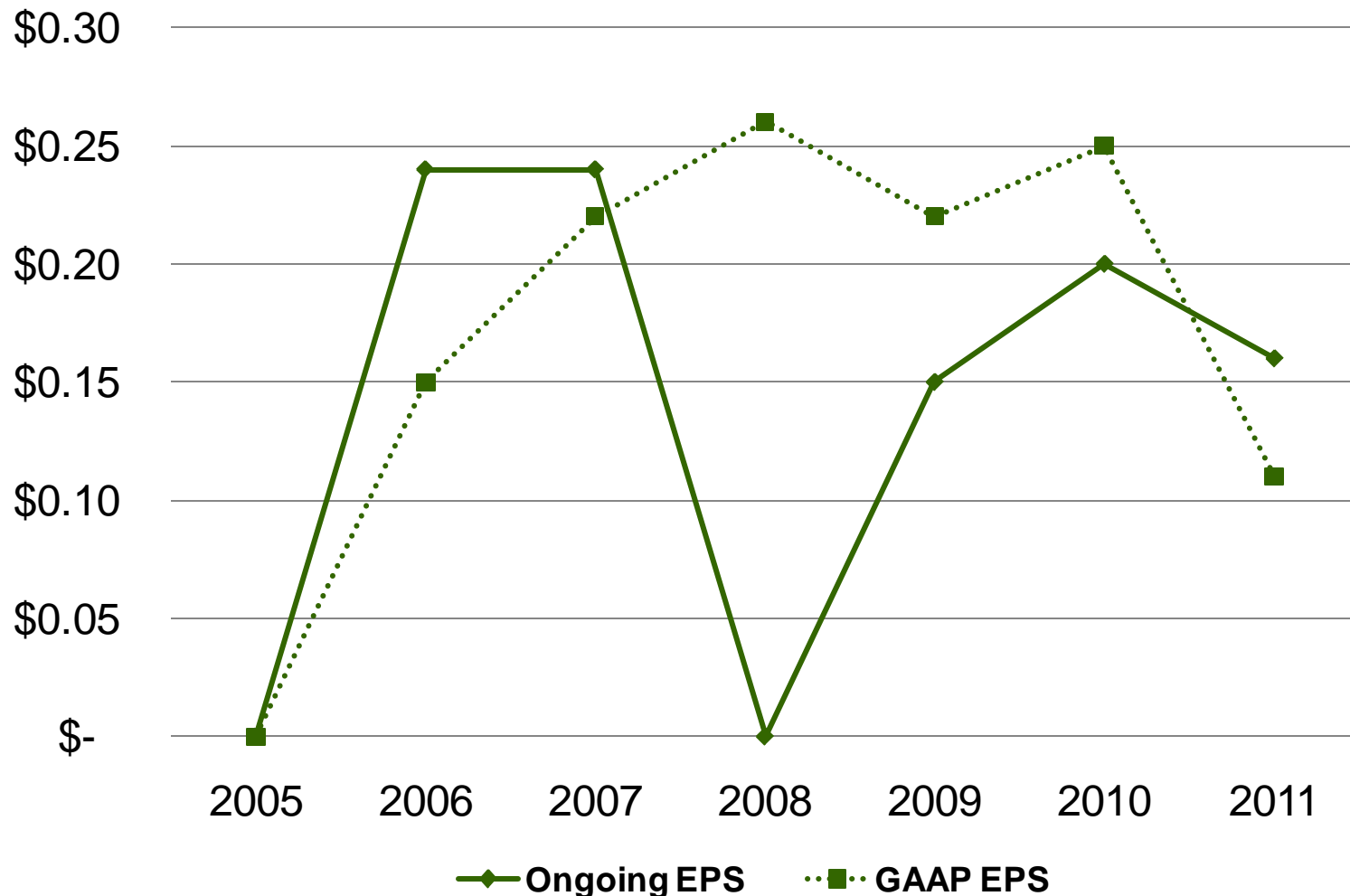
- New Jersey
- Massachusetts
- Pennsylvania
- Rhode Island

- 28 MW owned and in-service at end of 2011
- 14 MW in construction





# Competitive Business Historical Financial Performance



Ongoing EPS excludes \$1.48 gain on the sale of CED's generating assets in 2008 and the MTM effects of \$0, \$(0.09), \$(0.02), \$(0.22), \$0.07, \$0.04, \$(0.05) in 2005, 2006, 2007, 2008, 2009, 2010 and 2011, respectively.

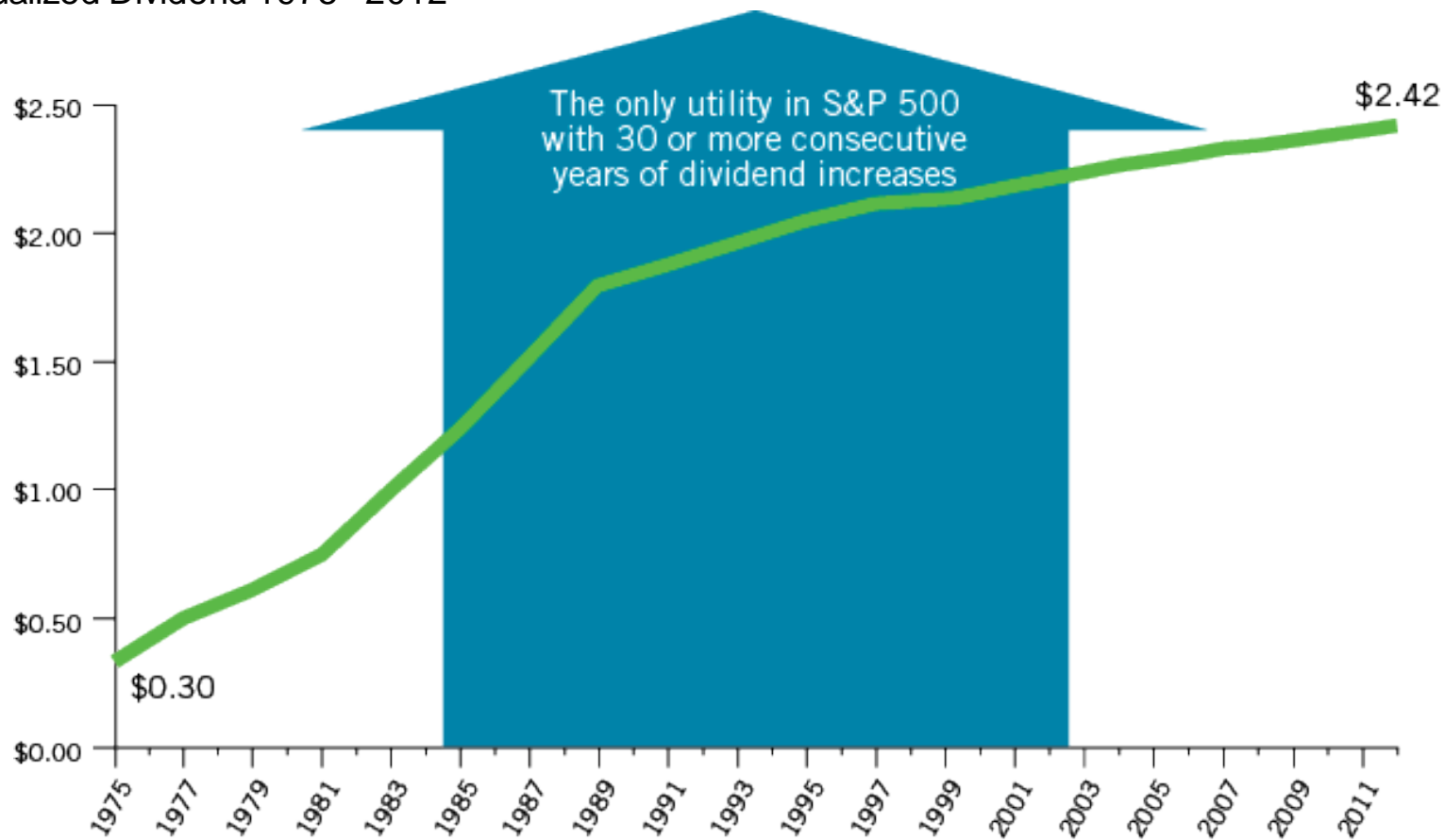
## Leader in Sustainability

- 1<sup>st</sup> among S&P 500 utilities in the 2011 worldwide Carbon Disclosure Project
- 1<sup>st</sup> among utilities in *Newsweek* 500 Green Rankings for environmental and social performance
- 2<sup>nd</sup> among utilities and 17<sup>th</sup> overall in *Corporate Responsibility Magazine's* “Best 100 Corporate Citizens” for 2011
- Member of the Dow Jones Sustainability North America Index



# Dividend Aristocrat: 38 Consecutive Years of Dividend Increases

Annualized Dividend 1975 - 2012





# Consolidated Edison, Inc. Investment Thesis

- The largest of the few publicly-traded, T&D-focused utility companies
  - Limited commodity exposure
- Earnings visibility
  - Multi-year rate plans in effect
  - Reduced regulatory lag:
    - forward-looking test years
    - timely commodity recovery
    - revenue decoupling mechanism in NY
    - adjustment mechanisms for several major uncontrollable expenses
- Significant dividend record
  - 38 consecutive years of dividend increases; 3<sup>rd</sup> longest in industry
  - 6<sup>th</sup> highest yield among S&P 500 Dividend Aristocrats
- Ability to invest for customer benefit
  - Provided a strong and stable balance sheet
  - Liquidity has been managed conservatively
- Highest electric reliability in the country